

Company Registration No. 01532448 (England and Wales)

B. & B. ATTACHMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018



B. & B. ATTACHMENTS LIMITED

COMPANY INFORMATION

Directors	M R Barton J W Lamberth N W Fowler
Company number	01532448
Registered office	Unit 46 Colbourne Avenue Nelson Park Cramlington Northumberland NE23 1WD United Kingdom
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD
Business address	Unit 46 Colbourne Avenue Nelson Park Cramlington Northumberland NE23 1WD United Kingdom
Bankers	NatWest P O Box No 4RY 250 Regent Street London W1A 4RY Royal Bank of Scotland 27 Park Row Leeds West Yorkshire LS1 5QB

B. & B. ATTACHMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Business review

The financial year ended 31 December 2018 saw annual turnover remain broadly the same year on year. This reflects industry figures for forklift truck sales in the UK. It is encouraging that sales have held in spite of uncertainty and challenges posed by Brexit and the weakened pound increasing the cost of importing.

2018 has been a year of consolidation for the Company. The Company is in the final year of a five-year strategic plan which commenced with the premises move in 2014 and has seen recruitment of around 30 new colleagues and over half a million of investment in new automated machinery. The plan culminated on 31st March 2019 which the launch of a brand new, fully integrated ERP system which is designed to support and drive the manufacturing arm of the business.

Profits have remained modest for the year. The Company has continued to keep costs as low as possible in the face of the increased import costs driven by the fall in sterling. Export is steadily increasing and this should start to pay further returns in 2019.

The Company has seen continued pressure in raw material prices and service contracts, driven in large by concerns around the impact of Brexit on UK business.

The Board believes that the investment in the business manufacturing capacity, new members of staff and marketing with a focus on export will enable the business to continue to grow in 2019 and will contribute to a steadily improving picture and outlook.

The Directors are grateful to Kaup GmbH, a long-standing trading partner and supplier, for their continued support.

Principal Risks and Uncertainties

The company is exposed to a number of financial risks, namely:

Commodity Price Risk

The company manages commodity risk through competitive sourcing and review of suppliers' and competitors' pricing.

Liquidity Risk

The company manages liquidity risk through the use of short term financing facilities, financing of major capital additions over periods ranging from 3-5 years, and controlling overhead spend.

Regulatory Risk

The company is subject to a broad range of laws, regulations and standards. The main regulatory risks to the company arise from Health and Safety legislation. The company is ISO9001:2015 compliant, having transitioned from ISO9001:2008 in the year. Regular health and safety meetings are held with an external advisor to review current practices. Staff are briefed on health and safety and issued with appropriate protective equipment for their duties.

Political Risk

Brexit is a risk to the Business, however, until such time a deal is agreed the quantum of the risk is difficult to determine. The main exposure is to trade in goods to and from the EU. As such, any trade or tariff barriers could have a significant impact. In light of the Temporary Trade Tariff issued by HM Government this risk is considered to be significantly lower, as, in the event of a no deal, the Company's products would not attract any additional tariff. In order to ease any import / export with the EU the Company has also been approved for the Temporary Transitional Simplified Procedures put in place by HM Revenue & Customs. The Directors continue to monitor developments and prepare the Business as appropriate.

B. & B. ATTACHMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal Risks and Uncertainties

Foreign Exchange Risk

The company purchases from both Europe and the USA, however, a large proportion of the customer base is UK-based. As a result, the company is exposed to falls in the value of Sterling. It is the company's policy to cover cashflows through forward contracts and the company is actively working to grow exports, which provide a natural hedge.

Future Developments

The Board remains committed to continuing development of the business and growing turnover and profit.

There is a continued focus on export and, for the first time in its history, the Company was proud to exhibit at Baumer, the World's Leading Trade Fair for Construction Machinery, Building Material and Mining Machines, Construction Vehicles and Equipment in April 2019. The Board has plans for further international exhibitions in 2019.

The Board recognises the need to develop IT reporting tools to support the manufacturing process and has already significantly invested with the new ERP system brought online in early 2019. The Board plans to continue development of the Company's online offering and back-office IT systems.

Key performance indicators

The Directors monitor several KPIs, with their main concerns being revenue, margin%, EBITDA and overall profitability:

	2018	2017
Revenues (£)	10,685,310	10,841,919
Margin (%)	39.2	35.6
EBITDA (£)	352,553	323,115
Profit (£)	11,401	12,115
Staff numbers	72	69

The directors are satisfied with the results for 2018.

On behalf of the board



M R Barton

Director

Date:

30/7/19

B. & B. ATTACHMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company continued to be that of the distribution, service and hire of fork lift truck attachments.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M R Barton
J W Lamberth
N W Fowler
N D Jackson

(Appointed 1 January 2018 and resigned 28 June 2019)

Results and dividends

The profit for the year, after taxation, amounted to £11,401.

An ordinary dividend of £11,706 was declared and paid for the year (2017: £nil).

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disabled persons

The company's policy with regard to the employments of disabled persons is that equal consideration is given to all applications, with a focus on the abilities of the individual concerned. Every effort is made to ensure that any employee who becomes disabled during their employment with the company receives support and training to suit their needs.

B. & B. ATTACHMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Employee Engagement

Employees are regularly informed of the company's performance. A bi-monthly bulletin is circulated to all staff, with important business developments such as new customers, product developments and members of staff.

The company also operates an employee forum, engaging with staff from areas across the business, as an opportunity to discuss ways to support the wellbeing of all employees.


Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



M R Barton
Director

Date:

30/7/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF B.& B. ATTACHMENTS LIMITED

Opinion

We have audited the financial statements of B.& B. Attachments Limited ('the company') for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF B.& B. ATTACHMENTS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Leece

Claire Leece (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

NE1 4AD

1 August 2019

B. & B. ATTACHMENTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2018

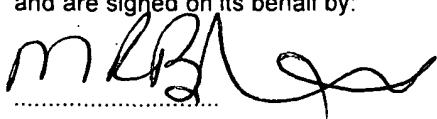
	Notes	2018 £	2017 £
Turnover	3	10,685,310	10,841,919
Cost of sales		(6,501,529)	(6,984,479)
Gross profit		<u>4,183,781</u>	<u>3,857,440</u>
Administrative expenses		(4,160,394)	(3,822,801)
Other operating income		37,529	44,146
Operating profit	6	<u>60,916</u>	<u>78,785</u>
Interest receivable and similar income	7	9,001	-
Interest payable and similar expenses	8	(44,363)	(35,381)
Profit before taxation		<u>25,554</u>	<u>43,404</u>
Tax on profit	9	(14,153)	(31,289)
Profit for the financial year	24	<u>11,401</u>	<u>12,115</u>
Retained earnings brought forward		1,163,536	1,151,421
Dividends	10	(11,706)	-
Retained earnings carried forward		<u><u>1,163,231</u></u>	<u><u>1,163,536</u></u>

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

B. & B. ATTACHMENTS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	11	92,593		68,435	
Tangible assets	12	1,149,753		1,053,912	
		<u>1,242,346</u>		<u>1,122,347</u>	
Current assets					
Stocks	13	1,294,767		1,044,305	
Debtors falling due after more than one year	14	1,280,140		1,187,443	
Debtors falling due within one year	14	2,136,705		2,717,793	
Cash at bank and in hand		91,711		220,372	
		<u>4,803,323</u>		<u>5,169,913</u>	
Creditors: amounts falling due within one year	15	(4,323,106)		(4,608,117)	
Net current assets		<u>480,217</u>		<u>561,796</u>	
Total assets less current liabilities		<u>1,722,563</u>		<u>1,684,143</u>	
Creditors: amounts falling due after more than one year	16	(274,554)		(248,193)	
Provisions for liabilities	19	(234,778)		(222,414)	
Net assets		<u>1,213,231</u>		<u>1,213,536</u>	
Capital and reserves					
Called up share capital	23	50,000		50,000	
Profit and loss reserves	24	1,163,231		1,163,536	
Total equity		<u>1,213,231</u>		<u>1,213,536</u>	

The financial statements were approved by the board of directors and authorised for issue on 30/7/19 and are signed on its behalf by:



M R Barton
Director

B. & B. ATTACHMENTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25	180,085		218,285	
Interest paid		(44,363)		(35,300)	
Income taxes refunded/(paid)		17,035		-	
Net cash inflow from operating activities		152,757		182,985	
Investing activities					
Purchase of intangible assets		(27,858)		(5,622)	
Purchase of tangible fixed assets		(190,139)		(197,229)	
Proceeds on disposal of tangible fixed assets		18,846		56,009	
Interest received		9,001		-	
Net cash used in investing activities		(190,150)		(146,842)	
Financing activities					
Repayment of derivatives		8,997		-	
Payment of finance leases obligations		(88,559)		(59,208)	
Dividends paid		(11,706)		-	
Net cash used in financing activities		(91,268)		(59,208)	
Net decrease in cash and cash equivalents		(128,661)		(23,065)	
Cash and cash equivalents at beginning of year		220,372		243,437	
Cash and cash equivalents at end of year		91,711		220,372	

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

B. & B. Attachments Limited ('the company') is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is Unit 46 Colbourne Avenue, Nelson Park, Cramlington, Northumberland, United Kingdom, NE23 1WD.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The directors have prepared forecasts which indicate that they can continue to operate within agreed facilities for 12 months from signing the financial statements. Therefore the directors have prepared the accounts on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Development expenditure is capitalised when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Computer software	33% straight line
Intellectual property	15% reducing balance

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	Over the length of the lease or 25 years, whichever is the shorter
Plant and machinery	20% straight line or 15% reducing balance
Office and computer equipment	33% straight line
Motor vehicles	40% reducing balance or 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the income statement.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

B.& B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in the income statement in the period in which it arises.

Retirement benefits

For defined contribution schemes the amount charged to the income statement is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Goods	9,146,891	8,587,115
Services	1,538,419	2,254,804
	<u>10,685,310</u>	<u>10,841,919</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Other revenue		
Interest income	9,001	-
Grants received	37,529	44,146
	<u> </u>	<u> </u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	8,259,073	8,687,250
Europe (excluding UK)	626,355	740,570
North America	1,299,500	999,599
Far East	500,382	414,500
	<u> </u>	<u> </u>
	10,685,310	10,841,919
	<u> </u>	<u> </u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Total staff	72	69
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,334,528	2,138,811
Social security costs	213,457	206,427
Pension costs	52,356	36,881
	<u> </u>	<u> </u>
	2,600,341	2,382,119
	<u> </u>	<u> </u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	345,755	315,371
Company pension contributions to defined contribution schemes	19,968	17,341
	<u> </u>	<u> </u>
	365,723	332,712
	<u> </u>	<u> </u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	100,000	110,401
Company pension contributions to defined contribution schemes	10,538	8,157

6 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	21,159	56,769
Government grants	(37,529)	(44,146)
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	14,750
Depreciation of owned tangible fixed assets	217,599	212,314
Depreciation of tangible fixed assets held under finance leases	61,341	28,105
Profit on disposal of tangible fixed assets	(10,655)	(35,473)
Amortisation of intangible assets	3,700	3,911
Cost of stocks recognised as an expense	6,480,370	6,927,710
Operating lease charges	319,076	288,082

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	4	-
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	8,997	-
Total income	9,001	-
Interest on financial assets measured at fair value through profit or loss	8,997	-

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	28	-
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	-	81
Interest on finance leases and hire purchase contracts	14,589	8,697
Other interest	29,746	26,603
	<u>44,363</u>	<u>35,381</u>

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	1,710	17,500
Adjustments in respect of prior periods	79	(17,579)
Total current tax	<u>1,789</u>	<u>(79)</u>
Deferred tax		
Origination and reversal of timing differences	12,364	8,865
Adjustment in respect of prior periods	-	22,503
Total deferred tax	<u>12,364</u>	<u>31,368</u>
Total tax charge	<u>14,153</u>	<u>31,289</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	25,554	43,404
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	4,855	8,355
Tax effect of expenses that are not deductible in determining taxable profit	(3,325)	15,732
Adjustments in respect of prior years	79	(17,579)
Permanent capital allowances in excess of depreciation	5,312	3,555
Deferred tax adjustments in respect of prior years	-	22,503
Deferred tax not recognised	7,772	-
Other tax adjustments	(540)	(1,277)
Taxation charge for the year	14,153	31,289

10 Dividends

	2018 £	2017 £
Final paid	11,706	-

11 Intangible fixed assets

	Computer software £	Intellectual property £	Total £
Cost			
At 1 January 2018	128,473	49,138	177,611
Additions - separately acquired	27,858	-	27,858
At 31 December 2018	156,331	49,138	205,469
Amortisation and impairment			
At 1 January 2018	82,125	27,051	109,176
Amortisation charged for the year	378	3,322	3,700
At 31 December 2018	82,503	30,373	112,876
Carrying amount			
At 31 December 2018	73,828	18,765	92,593
At 31 December 2017	46,348	22,087	68,435

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11 Intangible fixed assets (Continued)

Amortisation of intangible assets is recognised in administrative expenses.

12 Tangible fixed assets

	Leasehold improve-ments	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2018	216,767	2,179,916	185,624	26,695	2,609,002
Additions	28,812	309,846	44,314	-	382,972
Disposals	-	(52,096)	-	-	(52,096)
Transfers	62,698	(62,698)	-	-	-
At 31 December 2018	308,277	2,374,968	229,938	26,695	2,939,878
Depreciation and impairment					
At 1 January 2018	67,120	1,327,321	142,633	18,016	1,555,090
Depreciation charged in the year	27,959	230,110	17,584	3,287	278,940
Eliminated in respect of disposals	-	(43,905)	-	-	(43,905)
Transfers	7,329	(7,329)	-	-	-
At 31 December 2018	102,408	1,506,197	160,217	21,303	1,790,125
Carrying amount					
At 31 December 2018	205,869	868,771	69,721	5,392	1,149,753
At 31 December 2017	149,647	852,595	42,991	8,679	1,053,912

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2018 £	2017 £
Plant and machinery	367,572	251,059
Computer equipment	37,331	-
	<u>404,903</u>	<u>251,059</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Stocks

	2018 £	2017 £
Raw materials and consumables	35,692	16,795
Work in progress	217,695	136,774
Finished goods and goods for resale	1,041,380	890,736
	<u>1,294,767</u>	<u>1,044,305</u>

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,822,057	2,462,945
Corporation tax recoverable	33,290	52,114
Other debtors	9,725	9,525
Prepayments and accrued income	271,633	193,209
	<u>2,136,705</u>	<u>2,717,793</u>

	2018 £	2017 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,200,183	1,101,889
Other debtors	79,957	85,554
	<u>1,280,140</u>	<u>1,187,443</u>
Total debtors	<u>3,416,845</u>	<u>3,905,236</u>

The company operated an invoice discounting agreement with RBS until 6 August 2018. Since this date Siemens Financial Services Limited have provided the company with invoice discounting facilities whereby up to 90% of eligible trade debtors are immediately available to B & B Attachments Limited, subject to full recourse where debts are unrecoverable. Included within creditors is £946,087 (2017: £1,015,405) owed to Siemens or RBS respectively.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	17	114,104	68,126
Trade creditors		2,852,512	2,967,434
Taxation and social security		332,838	484,395
Derivative financial instruments		-	81
Government grants	21	12,781	14,439
Other creditors		965,373	1,034,620
Accruals and deferred income		45,498	39,022
		<u>4,323,106</u>	<u>4,608,117</u>

Amounts owed under the invoice discounting agreement amount to £946,087 (2017: £1,015,405). This amount is secured on the company's trade debtors.

Amounts due under hire purchase agreements are secured on the assets to which they relate.

16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	17	204,387	146,091
Government grants	21	70,167	82,948
Other creditors		-	19,154
		<u>274,554</u>	<u>248,193</u>

17 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Less than one year	114,104	68,126
Between one and five years	170,756	123,004
After five years	33,631	23,087
	<u>318,491</u>	<u>214,217</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

18 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,157,286	3,675,443
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	81
Measured at amortised cost	4,181,874	4,274,447

Hedging arrangements

The company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows. The contracts are value based on available market data. The company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit or loss.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the company had committed to was £621,814 (2017: £293,417).

19 Provisions for liabilities

	Notes	2018 £	2017 £
Dilapidation provision		102,000	102,000
Deferred tax liabilities	20	132,778	120,414
		<u>234,778</u>	<u>222,414</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidation provision £
At 1 January 2018 and 31 December 2018	<u>102,000</u>

The dilapidation provision relates to the property occupied by the company at Unit 46 Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, NE23 1WD and is expected to be utilised at the end of the lease term.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	178,323	177,720
Tax losses	(45,545)	(57,306)
	<u>132,778</u>	<u>120,414</u>
Movements in the year:		2018 £
Liability at 1 January 2018		120,414
Charge to profit or loss		12,364
Liability at 31 December 2018		<u>132,778</u>

21 Government grants

Deferred income is included in the financial statements as follows:

	2018 £	2017 £
Current liabilities	12,781	14,439
Non-current liabilities	70,167	82,948
	<u>82,948</u>	<u>97,387</u>

22 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>52,356</u>	<u>36,881</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Included within other creditors is an amount of £nil (2017: £nil) due to the company's defined contribution scheme.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

23 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

24 Profit and loss reserves

	2018 £	2017 £
At the beginning of the year	1,163,536	1,151,421
Profit for the year	11,401	12,115
Dividends	(11,706)	-
	<u>1,163,231</u>	<u>1,163,536</u>

Profit and loss reserves are cumulative profit and loss net of distributions to owners.

25 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	11,401	12,115
Adjustments for:		
Taxation charged	14,153	31,289
Finance costs	44,363	35,381
Investment income	(9,001)	-
Gain on disposal of tangible fixed assets	(10,655)	(35,473)
Amortisation and impairment of intangible assets	3,700	3,911
Depreciation and impairment of tangible fixed assets	278,940	240,419
Gain on financial instruments held at fair value through profit or loss	(9,078)	-
Movements in working capital:		
(Increase) in stocks	(250,462)	(277,935)
Decrease/(increase) in debtors	469,567	(750,130)
(Decrease)/increase in creditors	(348,404)	985,354
(Decrease) in deferred income	(14,439)	(26,646)
Cash generated from operations	<u>180,085</u>	<u>218,285</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

26 Operating lease commitments

Lessee

The operating lease relates to the rental of their operating premises.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	274,021	276,156
Between one and five years	104,307	175,283
	<u>378,328</u>	<u>451,439</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	-	134,969
	<u>-</u>	<u>134,969</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2018 £	2017 £
Aggregate compensation	527,546	530,530
	<u>527,546</u>	<u>530,530</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases 2018 £	2017 £
Key management personnel of the entity or its parent	-	15,303
	<u>-</u>	<u>15,303</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

28 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2018	2017
	£	£
Amounts due to related parties		
Key management personnel of the entity or its parent	-	1,530
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2018	2017
	£	£
Amounts due from related parties		
Other related parties	79,957	85,554
	<u> </u>	<u> </u>

29 Ultimate controlling party

The ultimate parent company is B & B Attachments (Holdings) Limited and the immediate parent company is B & B Attachments (1999) Limited. Both are companies registered in England and Wales. The registered office of both companies is Unit 46, Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, Northumberland, NE23 1WD. Their financial statements are available from this address.

The smallest and largest group for which consolidated accounts are drawn up are prepared by B&B Attachments (1999) Limited. These accounts are available from their registered office, listed above.

The ultimate controlling party is M R Barton by virtue of his shareholding in the ultimate parent company.

30 Directors' transactions

Loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Director's loan	2.50	-	14,000	4	(14,004)	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		-	14,000	4	(14,004)	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>