

**B. & B. ATTACHMENTS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**



# B. & B. ATTACHMENTS LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	M R Barton J W Lamberth N W Fowler N D Jackson
<b>Company number</b>	01532448
<b>Registered office</b>	Unit 46 Colbourne Avenue Nelson Park Industrial Estate Cramlington Northumberland NE23 1WD
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD
<b>Business address</b>	Unit 46 Colbourne Avenue Nelson Park Industrial Estate Cramlington NE23 1WD
<b>Bankers</b>	NatWest P O Box No 4RY 250 Regent Street London W1A 4RY  Royal Bank of Scotland 2 Whitehall Quay Leeds LS1 4HR

---

# **B. & B. ATTACHMENTS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors present the strategic report for the year ended 31 December 2017.

#### **Business review**

The financial year ended 31 December 2017 saw annual turnover increase by 26%. This reflects industry figures for forklift truck sales in the UK and is also reflective of the strategic plan for the business.

2017 has continued to build on 2016 with significant investment in new staff and machinery, providing a solid base for domestic and export sales of UK manufactured attachments. The strategy to grow export has paid large dividends in the year with export sales growing from just under £0.5m in 2016 to over £2.1m in 2017. The B&B service team has grown from 11 engineers and three support staff in 2014, to the present level of 22 engineers and five support staff, enabling a much wider coverage across the Country. In September '17 delivery was taken of a brand-new Mazak VCN Machining Centre with a Mazak Vertical Lathe on order at the year end which was delivered and installed in February '18.

The year has seen the business return to a profit however overall profitability is low in context of the increased revenue. This is partially due to the increased level of investment in new service staff and machinery as noted above, the business also continued to suffer from some exchange rate volatility as noted in the prior year accounts. New mechanisms have been introduced during 2017 and some of the effects, alongside a more stable rate, are expected to be mitigated in 2018.

B & B underwent a number of structural changes in 2017. Following a successful sale of old premises in the prior year a new business, Colbourne Investments Limited, was set up under common control of the existing shareholders. This was utilised as a buy-out vehicle for the private equity stake in B & B Attachments (Holdings) Limited taking the B & B Group of Companies into fully private ownership again for the first time in 17 years. This had a number of associated legal and professional costs.

The company has continued to see pressure in raw material prices and service contracts, driven by increases in the minimum wage, pension changes and exchange rate fluctuations.

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 gather pace in 2018, and will contribute to a steadily improving outlook for profitability.

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. 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 business main exposure is to trade in goods to and from the EU. As such, any trade or tariff barriers could have a significant impact. 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 2017

---

### 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.

Continued focus on export will open new markets for the business and increasing UK manufacture will deliver margin growth. Management have attended a number of sessions on routes to export and identified key target markets for the business.

The Board recognises the need to develop IT reporting tools to support the manufacturing process, and has already significantly invested in new systems, which are expected to be brought on-line in 2018. The new computer software will improve costing capabilities and facilitate the delivery of improved divisional reporting.

### Key performance indicators

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

	2017	2016
Revenues (£)	10,841,919	8,626,259
Margin (%)	35.6	39.2
EBITDA (£)	323,115	188,611
Profit / (Loss) (£)	12,115	(63,657)
Staff numbers	69	63

The directors are satisfied with the results for 2017.

On behalf of the board



M R Barton

Director

Date: 22/3/18

# **B. & B. ATTACHMENTS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors present their annual report and financial statements for the year ended 31 December 2017.

#### **Principal activities**

The principal activity of the company continued to be that of the distribution, manufacture, 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

T P Christian

N D Jackson

(Resigned 31 December 2017)

(Appointed 1 January 2018)

#### **Results and dividends**

The profit for the year, after taxation, amounted to £12,115.

No dividend has been declared for the year.

#### **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 2017**

---

### **Employee consultation**

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 is looking to launch an employee forum, engaging with staff from areas across the business, as an opportunity to discuss ways to support the wellbeing of all employees.

### **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: 22/3/18

# **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 2017 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 and 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 (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

28 August 2018



# B. & B. ATTACHMENTS LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	10,841,919	8,626,259
Cost of sales		(6,984,479)	(5,245,462)
<b>Gross profit</b>		<b>3,857,440</b>	<b>3,380,797</b>
Administrative expenses		(3,822,801)	(3,555,159)
Other operating income		44,146	79,530
<b>Operating profit/(loss)</b>	4	<b>78,785</b>	<b>(94,832)</b>
Interest receivable and similar income	7	-	5,824
Interest payable and similar expenses	8	(35,381)	(32,287)
<b>Profit/(loss) before taxation</b>		<b>43,404</b>	<b>(121,295)</b>
Tax on profit/(loss)	9	(31,289)	57,638
<b>Profit/(loss) for the financial year</b>		<b>12,115</b>	<b>(63,657)</b>
Retained earnings brought forward		1,151,421	1,215,078
Retained earnings carried forward		1,163,536	1,151,421

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 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	10	68,435		25,998	
Tangible assets	11	1,053,912		1,061,329	
			1,122,347		1,087,327
<b>Current assets</b>					
Stocks	12	1,044,305		766,370	
Debtors falling due after more than one year	13	1,187,443		1,023,850	
Debtors falling due within one year	13	2,717,793		2,131,177	
Cash at bank and in hand		220,372		243,437	
			5,169,913		4,164,834
<b>Creditors: amounts falling due within one year</b>	14	(4,608,117)		(3,601,876)	
<b>Net current assets</b>			561,796		562,958
<b>Total assets less current liabilities</b>			1,684,143		1,650,285
<b>Creditors: amounts falling due after more than one year</b>	15		(248,193)		(257,818)
<b>Provisions for liabilities</b>	17		(222,414)		(191,046)
<b>Net assets</b>			1,213,536		1,201,421
<b>Capital and reserves</b>					
Called up share capital	22	50,000		50,000	
Profit and loss reserves	23	1,163,536		1,151,421	
<b>Total equity</b>			1,213,536		1,201,421

The financial statements were approved by the board of directors and authorised for issue on 22/3/18... 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 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	218,285		46,626	
Interest paid		(35,300)		(32,287)	
<b>Net cash inflow from operating activities</b>		<u>182,985</u>		<u>14,339</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(5,622)		-	
Purchase of tangible fixed assets		(197,229)		(222,408)	
Proceeds on disposal of tangible fixed assets		56,009		46,796	
Proceeds on disposal of investment property		-		385,000	
<b>Net cash (used in)/generated from investing activities</b>		<u>(146,842)</u>		<u>209,388</u>	
<b>Financing activities</b>					
Payment of finance leases obligations		(59,208)		(59,448)	
<b>Net cash used in financing activities</b>		<u>(59,208)</u>		<u>(59,448)</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(23,065)</u>		<u>164,279</u>	
Cash and cash equivalents at beginning of year		243,437		79,158	
<b>Cash and cash equivalents at end of year</b>		<u><u>220,372</u></u>		<u><u>243,437</u></u>	

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

#### Company information

B. & B. Attachments Limited is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is Unit 46, Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, Northumberland, 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 £1.

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

The turnover shown in the profit and loss account represents the value of all services delivered during the year, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

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 are recoverable.

#### 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 or valuation 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 2017

---

### 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 profit or loss.

#### **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 profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **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 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 2017

---

### 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.

#### ***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, and loans from fellow group companies 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.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***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 direct issue 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 2017**

---

### **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 the 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 period.

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 balance sheet 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 profit or loss in the period in which it arises.

#### **Retirement benefits**

The pension costs charged in the financial statement represent contributions payable by the company during the year in accordance with FRS102.

#### **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 the income statement 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 2017

---

#### 1 Accounting policies (Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 leased 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:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Goods	8,587,115	6,115,305
Services	2,254,804	2,510,954
	<u>10,841,919</u>	<u>8,626,259</u>



# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Turnover and other revenue (Continued)

#### Other revenue

Gains on financial instruments measured at fair value through profit and loss	-	5,824
Commissions received	-	9,489
Grants received	44,146	70,041

#### Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	8,687,250	8,140,948
Europe (excluding UK)	740,570	56,302
North America	999,599	131,515
Far East	414,500	295,382
Africa	-	2,112
	<u>10,841,919</u>	<u>8,626,259</u>

### 4 Operating profit/(loss)

	2017 £	2016 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	56,769	183,248
Government grants	(44,146)	(70,041)
Fees payable to the company's auditor for the audit of the company's financial statements	14,750	14,500
Depreciation of owned tangible fixed assets	212,314	236,726
Depreciation of tangible fixed assets held under finance leases	28,105	36,276
Profit on disposal of tangible fixed assets	(35,473)	(44,417)
Amortisation of intangible assets	3,911	4,617
Cost of stocks recognised as an expense	6,927,710	5,062,214
Operating lease charges	288,082	294,830

### 5 Employees

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

	2017 Number	2016 Number
Total staff	<u>69</u>	<u>63</u>

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,138,811	1,960,343
Social security costs	206,427	179,464
Pension costs	36,881	40,090
	<u>2,382,119</u>	<u>2,179,897</u>

### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	315,371	314,997
Company pension contributions to defined contribution schemes	17,341	18,183
	<u>332,712</u>	<u>333,180</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

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

	2017 £	2016 £
Remuneration for qualifying services	110,401	129,274
Company pension contributions to defined contribution schemes	8,157	7,693
	<u>118,558</u>	<u>136,967</u>

### 7 Interest receivable and similar income

	2017 £	2016 £
Gains on financial instruments measured at fair value through profit or loss	-	5,824
	<u>-</u>	<u>5,824</u>

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	3
<b>Other finance costs:</b>		
Finance costs for financial instruments measured at fair value through profit or loss	81	-
Interest on finance leases and hire purchase contracts	8,697	11,418
Other interest	26,603	20,866
	<u>35,381</u>	<u>32,287</u>

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	17,500	-
Adjustments in respect of prior periods	(17,579)	-
Total current tax	<u>(79)</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	8,865	(57,638)
Adjustment in respect of prior periods	22,503	-
Total deferred tax	<u>31,368</u>	<u>(57,638)</u>
Total tax charge/(credit)	<u>31,289</u>	<u>(57,638)</u>

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 9 Taxation (Continued)

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

	2017 £	2016 £
Profit/(loss) before taxation	43,404	(121,295)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	8,355	(24,259)
Tax effect of expenses that are not deductible in determining taxable profit	15,732	15,288
Adjustments in respect of prior years	(17,579)	(100)
Permanent capital allowances in excess of depreciation	3,555	498
Research and development tax credit	-	(8,220)
Deferred tax adjustments in respect of prior years	22,503	-
Other tax adjustments	(1,277)	(40,845)
Taxation charge/(credit) for the year	31,289	(57,638)

#### 10 Intangible fixed assets

	Computer software £	Intellectual property £	Total £
<b>Cost</b>			
At 1 January 2017	-	49,138	49,138
Additions - separately acquired	5,622	-	5,622
Transfers	122,851	-	122,851
At 31 December 2017	128,473	49,138	177,611
<b>Amortisation and impairment</b>			
At 1 January 2017	-	23,140	23,140
Amortisation charged for the year	-	3,911	3,911
Transfers	82,125	-	82,125
At 31 December 2017	82,125	27,051	109,176
<b>Carrying amount</b>			
At 31 December 2017	46,348	22,087	68,435
At 31 December 2016	-	25,998	25,998

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	216,767	2,025,499	610,129	20,995	2,873,390
Additions	-	264,699	23,865	5,700	294,264
Disposals	-	(110,282)	(325,519)	-	(435,801)
Transfers	-	-	(122,851)	-	(122,851)
At 31 December 2017	216,767	2,179,916	185,624	26,695	2,609,002
<b>Depreciation and impairment</b>					
At 1 January 2017	31,870	1,223,368	537,716	19,107	1,812,061
Depreciation charged in the year	35,250	189,814	12,561	2,794	240,419
Eliminated in respect of disposals	-	(85,861)	(325,519)	(3,885)	(415,265)
Transfers	-	-	(82,125)	-	(82,125)
At 31 December 2017	67,120	1,327,321	142,633	18,016	1,555,090
<b>Carrying amount</b>					
At 31 December 2017	149,647	852,595	42,991	8,679	1,053,912
At 31 December 2016	184,897	802,131	72,413	1,888	1,061,329

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

	2017 £	2016 £
Plant and machinery	251,059	192,221
Depreciation charge for the year in respect of leased assets	28,105	36,276

### 12 Stocks

	2017 £	2016 £
Raw materials and consumables	16,795	19,834
Work in progress	136,774	14,058
Finished goods and goods for resale	890,736	732,478
	1,044,305	766,370

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,462,945	1,910,861
Corporation tax recoverable	52,114	-
Derivative financial instruments	-	5,824
Other debtors	9,525	8,725
Prepayments and accrued income	193,209	205,767
	<u>2,717,793</u>	<u>2,131,177</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	<u>1,187,443</u>	<u>1,023,850</u>
<b>Total debtors</b>	<u>3,905,236</u>	<u>3,155,027</u>

The company operates an invoice discounting agreement with RBS whereby up to 80% of eligible trade debtors are immediately available to B & B Attachments Limited, subject to full recourse where debts are unrecoverable. Included within creditors is £1,015,405 (2016: £1,088,858) owed to RBS.

### 14 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Obligations under finance leases	16	68,126	54,267
Trade creditors		2,967,434	2,043,381
Other taxation and social security		484,395	337,253
Derivative financial instruments		81	-
Government grants	20	14,439	26,646
Other creditors		1,034,620	1,108,026
Accruals and deferred income		39,022	32,303
		<u>4,608,117</u>	<u>3,601,876</u>

The invoice discounting amounts owed to RBS of £1,015,405 (2016: £1,088,858) are secured on trade debtors.

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

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 15 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases	16	146,091	122,123
Government grants	20	82,948	97,387
Other creditors		19,154	38,308
		<u>248,193</u>	<u>257,818</u>

#### 16 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Less than one year	68,126	54,267
Between one and five years	123,004	122,123
After five years	23,087	-
	<u>214,217</u>	<u>176,390</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.

#### 17 Provisions for liabilities

	Notes	2017 £	2016 £
Dilapidation provision		102,000	102,000
Deferred tax liabilities	19	120,414	89,046
		<u>222,414</u>	<u>191,046</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Dilapidation provision £
At 1 January 2017 and 31 December 2017	<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 2017

#### 18 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	3,675,443	2,943,436
Instruments measured at fair value through profit or loss	-	5,824
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	81	-
Measured at amortised cost	4,274,447	3,222,018
	<u>          </u>	<u>          </u>

#### 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 £293,417 (2016: £674,076).

#### 19 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 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	177,720	149,526
Tax losses	(57,306)	(60,480)
	<u>          </u>	<u>          </u>
	120,414	89,046
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		2017 £
Liability at 1 January 2017		89,046
Charge to profit or loss		31,368
		<u>          </u>
Liability at 31 December 2017		120,414
		<u>          </u>



## B. & B. ATTACHMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 20 Government grants

Deferred income is included in the financial statements as follows:

	2017 £	2016 £
Current liabilities	14,439	26,646
Non-current liabilities	82,948	97,387
	<u>97,387</u>	<u>124,033</u>

The government grant relates to a Regional Growth Fund grant towards the expansion of the business. The grant has job creation criteria which has been met and this will be monitored until June 2018. If the job creation is not maintained an element of the grant may become repayable.

#### 21 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>36,881</u>	<u>40,090</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.

#### 22 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	<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.

#### 23 Reserves

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

# B. & B. ATTACHMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 24 Cash generated from operations

	2017 £	2016 £
Profit/(loss) for the year after tax	12,115	(63,657)
<b>Adjustments for:</b>		
Taxation charged/(credited)	31,289	(57,638)
Finance costs	35,381	32,287
Investment income	-	(5,824)
Gain on disposal of tangible fixed assets	(35,473)	(44,417)
Amortisation and impairment of intangible assets	3,911	4,617
Depreciation and impairment of tangible fixed assets	240,419	273,002
<b>Movements in working capital:</b>		
(Increase) in stocks	(277,935)	(254,483)
(Increase)/decrease in debtors	(750,130)	59,053
Increase in creditors	985,354	132,627
(Decrease) in deferred income	(26,646)	(28,941)
<b>Cash generated from operations</b>	<b>218,285</b>	<b>46,626</b>

#### 25 Financial commitments, guarantees and contingent liabilities

During the prior year the company had a contingent liability by way of an unlimited cross guarantee with B & B Attachments (1999) Limited and B & B Attachments (Holdings) Limited to support borrowings, which at the year end was nil (2016: nil). This guarantee is no longer in place.

#### 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:

	2017 £	2016 £
Within one year	276,156	283,861
Between one and five years	175,283	331,673
	<b>451,439</b>	<b>615,534</b>

## B.& B. ATTACHMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### 27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	134,969	-

#### 28 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2017 £	2016 £
Aggregate compensation	530,530	538,570

##### Transactions with related parties

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

Purchase of goods		
	2017 £	2016 £
Key management personnel of the entity or its parent	15,303	16,141

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties		
	2017 £	2016 £
Key management personnel of the entity or its parent	1,530	-

No guarantees have been given or received.

## **B.& B. ATTACHMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **29 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. No company within the group is required to produce consolidated financial statements.

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