

Registered number: 01532448

B. & B. Attachments Limited

Annual report

31 December 2022



B. & B. Attachments Limited

Company information

Directors	M R Barton N W Fowler J W Lamberth S A Little
Company secretary	S A Little
Company number	01532448
Registered office	Unit 46 Colbourne Avenue Nelson Park Industrial Estate Cramlington NE23 1WD
Independent auditor	UNW LLP Chartered Accountants St James' Boulevard Newcastle Upon Tyne NE1 4JE
Bankers	National Westminster plc 250 Bishopsgate London Greater London EC2M 4AA Royal Bank of Scotland 36 St. Andrew Square Edinburgh EH2 2YB

B.& B. Attachments Limited

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B. & B. Attachments Limited

Strategic report Year ended 31 December 2022

Introduction

The directors present their report and the financial statements for the year ended 31 December 2022.

Business review

The financial year ended 31 December 2022 saw annual turnover increase by 25.9%. The uncertainty due to Covid-19 and the global shortage of semiconductors saw orders expected in 2021 being delayed until 2022. Sales have now recovered to pre-Covid-19 levels.

Profits for the year have remained reasonable, given the uncertainty around Covid-19. The Board are therefore satisfied that the detrimental impacts of Covid-19 were mitigated by a combination of internal improvements, safeguarding measures introduced and where necessary government support schemes.

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 2023 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 management of the business and the execution of the company's strategy are subject to a number of risks. The directors consider key business risks and uncertainties affecting the company to be:

Covid-19 risk

A worsening of the pandemic could threaten the health and wellbeing of our staff, customers and ultimately our business. Having already experienced the impact of Covid-19 and the National measures put in place, the directors and senior managers are confident that our business strategy will adapt effectively should more restrictions become necessary.

Commodity price risk

The company manages commodity risk through competitive sourcing and review of supplier's and competitor's pricing.

Liquidity risk

The company manages liquidity risk through 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.

Foreign exchange risk

The company purchases from both Europe and the USA, however, a large proportion of the customer base are 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.

B. & B. Attachments Limited

Strategic report (continued) **Year ended 31 December 2022**

Financial key performance indicators

The Directors monitor several KPIs however their main concern is revenue, gross margin (%), EBITDA and overall profitability:

	2022	2021
Revenues (£)	11,860,444	9,418,283
Gross margin (%)	43.5	43.9
EBITDA (£)	524,531	400,626
Profit after tax (£)	157,800	117,053
Staff numbers	74	70

Future Developments

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

There is a continued focus on export markets and developing international trade relationships. The Board has plans for further international exhibitions in 2023.

The Board are keen to promote B&B's own manufactured products and are developing a marketing strategy to promote these within the UK and International markets.

The Board recognises the need to develop IT reporting tools to support the manufacturing process. The Board plans to continue development of the Company's online offering and back-office IT systems. 2023 will focus on the implementation of a new CRM system and working towards the Cyber Essential certification.

The Board also have a responsibility to reduce its environmental impact wherever practical. Carbon reducing measures form an integral part of B&B's overall strategy, helping to improve operational performance and a reduction in potentially harmful emissions to land, water and air. During 2022 solar panels and electric charging points were installed and the Board are committed to reducing B&B's overall carbon footprint.

This report was approved by the board on 31 May 2023 and signed on its behalf by:



M R Barton
Director

B. & B. Attachments Limited

Directors' report Year ended 31 December 2022

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £157,800 (2021: £117,053).

The directors paid an interim dividend of £100,000 during the year (2021: £100,000). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

M R Barton
N W Fowler
J W Lamberth
S A Little

Matters covered in the strategic report

The following information, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report as permitted by section 414C(11) of the Companies Act 2006:

- financial risk management objectives and policies;
- future developments.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 31 May 2023 and signed on its behalf by:



M R Barton
Director

B.& B. Attachments Limited

Directors' responsibilities statement Year ended 31 December 2022

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice'), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.



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 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 2022 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



Independent auditor's report to the members of B. & B. Attachments Limited (continued)

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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.

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 in relation to which 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 4, 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.



Independent auditor's report to the members of B.& B. Attachments Limited (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations within our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or a non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



Independent auditor's report to the members of B. & B. Attachments Limited (continued)

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.

Michael Morris, FCA FCCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

31 May 2023

B. & B. Attachments Limited

Statement of comprehensive income Year ended 31 December 2022

	Note	2022 £	2021 £
Profit and loss account			
Turnover	5	11,860,444	9,418,283
Cost of sales		(6,704,924)	(5,282,505)
Gross profit		5,155,520	4,135,778
Administrative expenses		(4,855,019)	(4,123,117)
Other operating income	6	9,155	141,507
Operating profit	7	309,656	154,168
Interest receivable and similar income		442	32
Interest payable and similar expenses	10	(71,276)	(31,085)
Profit before tax		238,822	123,115
Tax on profit	11	(81,022)	(6,062)
Profit for the financial year		157,800	117,053

There was no other comprehensive income for 2022 (2021: £nil).

The notes on pages 12 to 28 form part of these financial statements.

B. & B. Attachments Limited

Balance sheet At 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	9,772	17,577
Tangible fixed assets	14	1,013,608	658,916
		<u>1,023,380</u>	<u>676,493</u>
Current assets			
Stocks	15	2,911,132	1,990,309
Debtors	16	3,697,074	3,386,751
Cash at bank and in hand		439,195	473,554
		<u>7,047,401</u>	<u>5,850,614</u>
Creditors: amounts falling due within one year	17	(5,638,298)	(4,403,399)
Net current assets		<u>1,409,103</u>	<u>1,447,215</u>
Total assets less current liabilities		<u>2,432,483</u>	<u>2,123,708</u>
Creditors: amounts falling due after more than one year	18	(471,897)	(313,884)
Provisions for liabilities			
Deferred tax		(233,463)	(140,501)
Other provisions	23	(102,000)	(102,000)
Net assets		<u>1,625,123</u>	<u>1,567,323</u>
Capital and reserves			
Called up share capital	24	50,000	50,000
Profit and loss account	25	1,575,123	1,517,323
Total equity		<u>1,625,123</u>	<u>1,567,323</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 May 2023.



M R Barton
Director

Company registration number: 01532448

B.& B. Attachments Limited

Statement of changes in equity Year ended 31 December 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	50,000	1,500,270	1,550,270
Profit for the year	-	117,053	117,053
Total comprehensive income for the year	-	117,053	117,053
Dividends paid	-	(100,000)	(100,000)
Total transactions with owners	-	(100,000)	(100,000)
At 1 January 2022	50,000	1,517,323	1,567,323
Profit for the year	-	157,800	157,800
Total comprehensive income for the year	-	157,800	157,800
Dividends paid	-	(100,000)	(100,000)
Total transactions with owners	-	(100,000)	(100,000)
At 31 December 2022	50,000	1,575,123	1,625,123

The notes on pages 12 to 28 form part of these financial statements.

B. & B. Attachments Limited

Notes to the financial statements **Year ended 31 December 2022**

1. General information

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

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and are rounded to the nearest pound sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in note 4.

3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to the disclosure of key management personnel compensation and the preparation of a cash flow statement. The consolidated financial statements of B & B Attachments (Holdings) Limited, which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, include the equivalent disclosures and a consolidated cash flow statement.

3.3 Going concern

The company meets its working capital requirements through its cash resources and operating cash flows supported by funding facilities.

The financial forecasts prepared and post year end trading performance indicate that the company will maintain sufficient financial headroom to enable it to continue meeting its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of these financial statements. Notwithstanding any further potential ongoing impact on the company's financial performance and position beyond that already anticipated by the forecasts, the company maintains net funds, working capital and confirmed funding facilities which the directors consider are sufficient to fully mitigate the risks which remain due to the current economic environment.

The directors have a reasonable expectation that the company has adequate financial and other resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.4 Revenue

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 their 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 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.

3.5 Foreign currency

The company's functional currency is the pound sterling. Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. All foreign exchange gains and losses are recognised in the profit and loss account.

3.6 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

3.8 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.9 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.10 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

3.11 Intangible assets

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

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

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.12 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less their estimated residual value, over their estimated useful lives as follows:

Leasehold improvements	-	over the period of the lease
Plant and machinery	-	3-10 years straight line or 15% reducing balance
Office and computer equipment	-	3-5 years straight line or 15% reducing balance
Motor vehicles	-	3 years straight line or 40% reducing balance

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3.14 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost is determined using the first-in first-out (FIFO) method and comprises of 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.

Work in progress and finished goods include labour and attributable overheads.

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 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.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.15 Financial instruments

Basic debt instruments

The company's basic debt instruments, including trade, intercompany and other debtors and creditors and cash and bank balances are all due within one year and are measured, initially and subsequently, at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Derivative financial instruments

Derivative financial instruments, comprising forward currency contracts, are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in fair value are recognised in the profit and loss account within administrative expenses.

The company does not currently apply hedge accounting for its forward currency contracts.

3.16 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.

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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.

3.17 Provisions

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

3. Accounting policies (continued)

3.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonably under the circumstances.

Significant judgments in applying the entity's accounting policies

The following judgments have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements.

Impairment of stock

When stock is found to be obsolete it is written off directly to the profit and loss account. Slow moving stock is assessed by management and provided against when the selling price is deemed to be lower than the original cost.

Impairment of fixed assets

The company considers whether fixed assets are impaired. The useful lives of fixed assets are regularly reviewed and any reduction in the length of the life would result in an impairment charge to the profit and loss account and a reduction in the carrying value of the asset.

Useful economic lives of fixed assets

The annual charge for fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed regularly. They are amended when necessary to reflect current estimates, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

Provision is made against debts which are not considered to be recoverable. See note 16 for the carrying value of trade debtors and the provision for impairment.

Key sources of estimation uncertainty in applying the entity's accounting policies

There were no key sources of estimation uncertainty made in applying company's accounting policies that had a significant effect on the financial statements.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

5. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Goods and services	11,860,444	9,418,283
	<u>11,860,444</u>	<u>9,418,283</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	9,343,057	7,603,051
Rest of Europe	1,094,760	517,416
Rest of the World	1,422,627	1,297,816
	<u>11,860,444</u>	<u>9,418,283</u>

6. Other operating income

	2022 £	2021 £
Other operating income	9,155	10,173
Job Retention Scheme grant funding	-	131,334
	<u>9,155</u>	<u>141,507</u>

7. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Exchange differences	(24,472)	(237,310)
Auditor's remuneration	18,000	13,900
Depreciation of tangible fixed assets	207,070	219,259
Loss on disposal of fixed assets	1,783	2,631
Amortisation of intangible assets	7,805	27,199
Operating lease rentals	220,342	189,031

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	2,653,782	2,350,746
Social security costs	303,412	247,954
Cost of defined contribution scheme	143,419	123,971
	<u>3,100,613</u>	<u>2,722,671</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Administration	22	21
Distribution	26	25
Production	26	24
	<u>74</u>	<u>70</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	365,745	375,120
Company contributions to defined contribution pension schemes	7,956	16,461
	<u>373,701</u>	<u>391,581</u>

During the year retirement benefits were accruing to 1 director (2021: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £100,000 (2021: £100,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021: £nil).

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	60,280	26,344
Finance leases and hire purchase contracts	10,996	4,741
	<u>71,276</u>	<u>31,085</u>

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(11,937)	-
Total current tax	<u>(11,937)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	71,705	(27,445)
Changes to tax rates	22,643	33,720
Adjustment in respect of previous periods	(1,389)	(213)
Total deferred tax	<u>92,959</u>	<u>6,062</u>
Taxation on profit on ordinary activities	<u>81,022</u>	<u>6,062</u>

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	238,822	123,115
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	45,376	23,392
Effects of:		
Expenses not deductible for tax purposes	3,103	3,025
Benefit of research and development tax relief	-	(68,828)
Adjustments to tax charge in respect of prior periods	(13,326)	(213)
Tax rate changes	22,643	33,720
Benefit of superdeduction	(23,403)	(3,191)
Deferred tax not recognised	46,629	18,157
Total tax charge for the year	81,022	6,062

Factors that may affect future tax charges

In the March 2021 Budget, it was announced that the main UK corporation tax rate would remain at 19% for the financial years beginning 1 April 2021 and 1 April 2022, then increase to 25% from 1 April 2023. This rate increase was substantively enacted as part of the Finance Act 2021 on 24 May 2021. Therefore deferred tax at the balance sheet date has been calculated at 25% (2021: 25%), as this was the tax rate substantively enacted at the year end.

12. Dividends

	2022 £	2021 £
Dividends paid in the year	100,000	100,000

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

13. Intangible assets

	Computer software £	Intellectual property £	Total £
Cost			
At 1 January 2022	158,756	49,138	207,894
At 31 December 2022	158,756	49,138	207,894
Amortisation			
At 1 January 2022	152,681	37,636	190,317
Charge for the year	6,075	1,730	7,805
At 31 December 2022	158,756	39,366	198,122
Net book value			
At 31 December 2022	-	9,772	9,772
At 31 December 2021	6,075	11,502	17,577

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

14. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Office and computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2022	308,277	2,338,184	125,975	24,820	2,797,256
Additions	122,277	427,027	26,986	-	576,290
Disposals	-	(251,825)	-	-	(251,825)
At 31 December 2022	<u>430,554</u>	<u>2,513,386</u>	<u>152,961</u>	<u>24,820</u>	<u>3,121,721</u>
Depreciation					
At 1 January 2022	188,749	1,839,601	97,478	12,512	2,138,340
Charge for the year	36,576	151,242	14,315	4,937	207,070
Disposals	-	(237,297)	-	-	(237,297)
At 31 December 2022	<u>225,325</u>	<u>1,753,546</u>	<u>111,793</u>	<u>17,449</u>	<u>2,108,113</u>
Net book value					
At 31 December 2022	<u>205,229</u>	<u>759,840</u>	<u>41,168</u>	<u>7,371</u>	<u>1,013,608</u>
At 31 December 2021	<u>119,528</u>	<u>498,583</u>	<u>28,497</u>	<u>12,308</u>	<u>658,916</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	391,187	136,162
Motor vehicles	7,371	12,308
	<u>398,558</u>	<u>148,470</u>

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

15. Stocks

	2022 £	2021 £
Raw materials	118,645	61,700
Work in progress	820,406	41,204
Finished goods	1,972,081	1,887,405
	<u>2,911,132</u>	<u>1,990,309</u>

The carrying value of stocks are stated net of impairment losses totalling £20,000 (2021: £40,000). Impairment losses totalling £nil (2021: £nil) were recognised in profit and loss.

16. Debtors

	2022 £	2021 £
Trade debtors	2,164,255	1,946,240
Amounts owed by group undertakings	1,239,023	1,244,310
Other debtors	9,100	10,337
Prepayments and accrued income	284,696	185,864
	<u>3,697,074</u>	<u>3,386,751</u>

Amounts owed by group undertakings are unsecured, interest free and receivable on demand.

Trade debtors are stated after provisions for impairment of £nil (2021: £nil). Impairment losses totalling £nil (2021: £nil) were recognised in profit and loss.

17. Creditors: amounts falling due within one year

	2022 £	2021 £
Invoice discounting facility (note 19)	1,690,365	1,294,897
Other loans (note 19)	50,000	45,833
Trade creditors	3,137,770	2,505,738
Other taxation and social security	501,718	411,424
Obligations under finance lease and hire purchase contracts	96,112	35,753
Other creditors	11,319	9,421
Accruals and deferred income	151,014	100,333
	<u>5,638,298</u>	<u>4,403,399</u>

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

18. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other loans (note 19)	154,167	204,167
Net obligations under finance leases and hire purchase contracts	286,551	70,249
Government grants received	31,179	39,468
	<u>471,897</u>	<u>313,884</u>

19. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Invoice discounting facility	1,690,365	1,294,897
Other loans	50,000	45,833
	<u>1,740,365</u>	<u>1,340,730</u>
Amounts falling due 2-5 years		
Other loans	154,167	204,167
	<u>154,167</u>	<u>204,167</u>
	<u>1,894,532</u>	<u>1,544,897</u>

Amounts owed under the invoice discounting facility agreement amounted to £1,690,365 (2021: £1,294,897). This amount is secured on the company's trade debtors valued at £2,164,255 (2021: £1,946,240).

Other loans relates to a Coronavirus Business Interruption Loan. The loan incurs 2.96% interest per annum after the initial 12 month period from the drawdown date and is unsecured.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

20. Finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	121,384	43,387
Between 1-5 years	322,105	74,518
Less future interest charges	(60,826)	(11,903)
	<u>382,663</u>	<u>106,002</u>

Finance leases primarily relate to plant and machinery and motor vehicles used in daily operations of the company. Finance leases are secured over the leased assets, valued at £398,558 (2021: £148,470).

21. Financial instruments

Hedging instruments

The company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows. The contracts are valued 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 the profit or loss.

At the year-end, the total carrying amount of outstanding foreign exchange forward contracts that the company had committed to was £nil (2021: £555,845).

22. Deferred taxation

	2022 £
At beginning of year	(140,501)
Charged to profit or loss	(92,962)
At end of year	<u>(233,463)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(236,253)	(142,819)
Short term timing differences	2,790	2,318
	<u>(233,463)</u>	<u>(140,501)</u>

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

23. Provisions

	Dilapidation provision £
At 1 January 2022	102,000
At 31 December 2022	<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.

24. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
50,000 (2021: 50,000) Ordinary Shares of £1.00 each	<u>50,000</u>	<u>50,000</u>

25. Reserves

Profit and loss account

The profit and loss account represents the company's cumulative profits and losses net of cumulative dividends paid and other adjustments.

26. Pension commitments

The company contributes to employees and directors' private pension plans. The pension cost charge represents contributions payable by the company to the plans and amounted to £143,419 (2021: £123,971). Contributions totalling £11,319 (2021: £9,421) were payable to the fund at the balance sheet date and are included in creditors.

B. & B. Attachments Limited

Notes to the financial statements Year ended 31 December 2022

27. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	131,006	90,485
Later than 1 year and not later than 5 years	64,267	47,649
	<u>195,273</u>	<u>138,134</u>

28. Related party transactions

Included within debtors is £38,840 (2021: £44,128) owed to the company from Colbourne Investments Limited, a related party by virtue of its ultimate owner. Colbourne Investments Limited has charged B. & B. Attachments Limited for management charges incurred during the year totalling to £6,527 (2021: £6,527). Remaining amounts included within amounts owed by group undertakings relate to amounts due from parent companies.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

29. Financial commitments, guarantees and contingent liabilities

The company has a contingent liability by way of an unlimited cross guarantee with Colbourne Investments Limited, B & B Attachments (1999) Limited and B & B Attachments (Holdings) Limited to support the invoice discounting facility.

30. Ultimate controlling parties

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 address 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 (Holdings) Limited. These accounts are available from their registered office, listed above.

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