

Company Registration No. 01966114 (England and Wales)

B T Q LIMITED
CONSOLIDATED ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

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B T Q LIMITED

COMPANY INFORMATION

Directors	A D Dorrell I P Mitchell C I Dorrell A C James
Secretary	D Thompson
Company number	01966114
Registered office	Wathen Street Staple Hill Bristol BS16 5LL
Auditor	RSM UK Audit LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD
Bankers	Lloyds Bank Plc PO Box 1000 Corn Street Bristol BX1 1LT

B T Q LIMITED

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the group strategic report and consolidated financial statements for the year ended 31 December 2017.

Review of the business

Demand for the UK companies' products and services continued to be strong during the year with a good spread of UK and overseas customers. External sales of the UK operations were up 20%, with a strong performance in export markets. In the US, the demand for heat and flame protective clothing in the Oil & Gas sector has started to recover but some market segments are still tough due to lower oil prices. This has resulted in overall group turnover being up by 6.9% and profit before tax up 67% to a return on sales of 5.1% (2016 – 3.3%).

Higher activity in 2017 coupled with winning a significant framework contract have seen an increase in stocks, this has continued to build in the first half of 2018 as we manufacture for this contract. Loans on older contracts have been coming to an end resulting in no long-term creditors. Overall net assets have increased by 2.3% to 21.6m and the group holds a strong cash position.

The UK companies and US companies run independently, but both regularly track Sales Opportunities, Order Load, Sales, Overdues, Accounts Contribution, Overhead Variances to Budget, Net Profit, Cash Generation, Debtor Days, Stock Levels and Quality.

In the UK, 2017 has seen our external closing order load double, which will yield a strong start to 2018. Margins have been improved in 2017 by one percentage point over the previous year. In contrast, the weaker Sterling will put pressure on our margins in 2018. The UK consolidated trade debtor days have decreased by 11 to 54.

In the US, increased demand for Wildlands Fire Fighting clothing helped to stabilize volumes in 2017 as the Oil & Gas sector has made only a partial recovery. The recovery process is also being aided by stable demand for Structural Fire Fighting gear & increased margins in this part of the business.

Future developments

During 2017 the UK operations won a four-year framework contract for UK fire brigades. These will be a mix of Fully Managed Service contracts each of eight years duration and direct sale business over the coming years. As a result, the UK group is expanding its operations and production capacity and investing heavily in building stock to service the framework.

In 2018, recovery in the Oil & Gas sector in the US has continued and demand for Wildland Fire Fighting clothing continues to exceed our projections. Both of these factors together with positive results from the cost reduction programs started in 2016 are leading to more positive results in the current financial year.

The directors are confident that the prospects for future trading remain good. Results for the first half of the year are in line with budget. Further out we are pursuing a good spread of national and international opportunities.

Principal risks and uncertainties and matters of strategic importance

The Board of B T Q Limited, via the boards of the group's operating companies, considers the principal risks of the business to be as follows:

Market conditions

Close working relations are maintained with both the group's supply chain and customers in order to monitor market and technology changes. The directors continually monitor competitor products and services in addition to related markets. The Board believes that the geographical spread and quantity of the group's customers reduces its risk of dependence in the market place. Whilst the group recognises that the current global economic climate is impacting on public sector decision making with regards to expenditure on the group's products, the Board believes this to be mitigated by the nature of its contracts. The group purchases some materials, subcontracts some manufacturing and sells some products to the European Union, many of which are denominated in Euros. Equally the group also has a globally diverse customer base extending outside the European Union. The Board therefore believes that Brexit will present both risks and opportunities and is keeping a watching brief on developments.

B T Q LIMITED

GROUP STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Fixed Assets

Authority limits set by the Board are in place for the purchase of fixed assets, combined with appropriate security arrangements and insurance cover.

Debtors and Credit Risk

The principal credit risk arises from trade debtors. Credit limits and credit terms are set for customers based on a combination of payment history and third-party credit references. In order to mitigate overseas debtor risk a suitable insurance policy is used where appropriate. Credit limits are regularly reviewed in conjunction with debt ageing and collection history. The directors regard the scale, spread and type of customers as being a safeguard against the risk of default. Stringent credit control procedures are in place at order entry and dispatch stages.

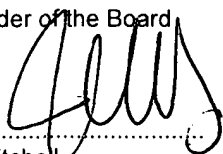
Stocks

Authorisation limits are in place for the purchase of materials together with appropriate minimum and maximum order levels. All categories of stock are monitored in relation to market and technology changes and customers' requirements. Ageing of stock is closely analysed and due allowance provided for obsolete and slow-moving items. Insurance cover is maintained for stocks. When appropriate, the group enters into arrangements to make future purchases of stock at an agreed price.

Exchange Rates

Currency exposure is analysed and monitored at least monthly by the Board of each operating company. Appropriate forward contracts are placed to minimise the effect of exchange rate movements.

By order of the Board



I P Mitchel
Director

Date: 21/08/2018

B T Q LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The group's principal activities during the year continued to be the design, manufacture, supply and care of garments and equipment for people at work. The principal activity of the company remains that of the holding company for the group. The directors consider the results for the year to be satisfactory.

Directors

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

A D Dorrell
I P Mitchell
C I Dorrell
A C James

Results and dividends

The profit for the year, after taxation, amounted to £1,306,000 (2016 – £863,000). The directors recommended dividends of £186,000 (2016 – £186,560) during the year. Details of proposed dividends are disclosed in Note 12.

Disabled persons

The group will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. The group did not employ any registered disabled persons during the year.

Employee involvement

The group encourages feedback from employees on all matters of operation and management in the running of the business.

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office and its reappointment will be proposed in accordance with section 485 of the Companies Act 2006.

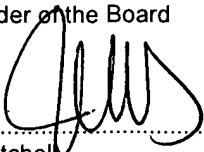
Matters set out in the strategic report

As permitted by s414C(11) of the Companies Act 2006, the group has chosen to set out in the strategic report information required by Sch.7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be included in the directors' report. It has done so in respect of financial risk management objectives and policies and future developments.

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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board



I P Mitchell
Director

Date: 21/08/2018

B T Q LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Strategic Report and 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

B T Q LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF B T Q LIMITED

Opinion

We have audited the financial statements of B T Q Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated 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 group's and the parent company's affairs as at 31 December 2017 and of the group's 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 group and parent 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 group's or the parent 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 our 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.

B T Q LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF B T Q LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent 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



Kathryn Reid (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55 – 61 Victoria Street
Bristol
BS1 6AD

Date:

22 August 2018

B T Q LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Turnover	3	29,065	27,182
Operating costs	4	(27,288)	(26,068)
Share of profits distributed to employees	7	(304)	(252)
		<hr/>	<hr/>
Operating profit	4, 5	1,473	862
Interest receivable and similar income	9	14	27
Interest payable and similar expenses	10	(6)	(3)
		<hr/>	<hr/>
Profit before taxation		1,481	886
Taxation	11	(175)	(23)
		<hr/>	<hr/>
Profit for the financial year		1,306	863
Other comprehensive income			
Currency translation differences		(629)	1,204
		<hr/>	<hr/>
Total comprehensive income for the year		<u>677</u>	<u>2,067</u>

, Total comprehensive income for the year is fully attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Goodwill	13		6		57
Other intangible assets	13		168		182
Total intangible assets			174		239
Tangible assets	14		3,949		3,911
			4,123		4,150
Current assets					
Stocks	17	9,717		7,779	
Debtors	18	5,040		5,646	
Cash at bank and in hand		7,225		7,433	
		21,982		20,858	
Creditors: amounts falling due within one year	19	(4,342)		(3,166)	
Net current assets			17,640		17,692
Total assets less current liabilities			21,763		21,842
Creditors: amounts falling due after more than one year	20		-		(235)
Provisions for liabilities	21		(135)		(470)
Net assets			21,628		21,137
Capital and reserves					
Called up share capital	24		26		26
Share premium account	25		48		48
Capital redemption reserve	25		1		1
Capital reserve	25		226		226
Profit and loss reserves	25		21,327		20,836
Total equity			21,628		21,137

The financial statements were approved by the board of directors and authorised for issue on 21/08/2018 and are signed on its behalf by:


 I P Mitchell
 Director

B T Q LIMITED

Company Registration No. 01966114

COMPANY STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2017**

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Investments	15		8,930		8,930
Current assets					
Debtors	18	1,279		1,279	
Cash at bank and in hand		120		159	
		<u>1,399</u>		<u>1,438</u>	
Creditors: amounts falling due within one year	19	<u>(1,351)</u>		<u>(1,359)</u>	
Net current assets			48		79
Total assets less current liabilities			<u>8,978</u>		<u>9,009</u>
Net assets			<u>8,978</u>		<u>9,009</u>
Capital and reserves					
Called up share capital	24		26		26
Share premium account	25		48		48
Capital redemption reserve	25		1		1
Profit and loss reserves	25		8,903		8,934
Total equity			<u>8,978</u>		<u>9,009</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes. The company's profit for the year was £155,000 (2016 – £123,000).

The financial statements were approved by the board of directors and authorised for issue on 21/08/2018 and are signed on its behalf by:



I P Mitchell
Director

B T Q LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2016	26	48	1	226	18,956	19,257
Year ended 31 December 2016						
Profit for the year	-	-	-	-	863	863
Other comprehensive income:						
Currency translation differences on overseas subsidiaries	-	-	-	-	1,204	1,204
Dividends	-	-	-	-	(187)	(187)
Total comprehensive income for the year	-	-	-	-	1,880	1,880
Issue of share capital	-	-	-	-	-	-
Balance at 31 December 2016	26	48	1	226	20,836	21,137
Year ended 31 December 2017						
Profit for the year	-	-	-	-	1,306	1,306
Other comprehensive income:						
Currency translation differences on overseas subsidiaries	-	-	-	-	(629)	(629)
Dividends	-	-	-	-	(186)	(186)
Total comprehensive income for the year	-	-	-	-	491	491
Issue of share capital	-	-	-	-	-	-
Balance at 31 December 2017	26	48	1	226	21,327	21,628

B T Q LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2016	26	48	1	8,998	9,073
Year ended 31 December 2016					
Profit and total comprehensive income for the year	-	-	-	123	123
Dividends	-	-	-	(187)	(187)
Issue of share capital	-	-	-	-	-
Balance at 31 December 2016	26	48	1	8,934	9,009
Year ended 31 December 2017					
Profit and total comprehensive income for the year	-	-	-	155	155
Dividends	-	-	-	(186)	(186)
Issue of share capital	-	-	-	-	-
Balance at 31 December 2017	26	48	1	8,903	8,978

B T Q LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Cash flows from operating activities					
Cash generated from operations	26		3,242		2,260
Interest paid			(6)		(3)
Income taxes paid			(334)		(104)
Net cash inflow from operating activities			2,902		2,153
Investing activities					
Purchase of intangible assets		(50)		(20)	
Purchase of tangible fixed assets		(2,498)		(1,410)	
Proceeds on disposal of tangible fixed assets		47		174	
Interest received		14		27	
Net cash used in investing activities			(2,487)		(1,229)
Financing activities					
(Repayment of)/increase in bank loans		(213)		270	
Repayment of non-recourse financing		(70)		(339)	
Dividends paid to equity shareholders		(186)		(187)	
Net cash used in financing activities			(469)		(256)
Net (decrease)/increase in cash and cash equivalents			(54)		668
Cash and cash equivalents at beginning of year			7,433		6,681
Effect of foreign exchange rates			(154)		84
Cash and cash equivalents at end of year			7,225		7,433
Relating to:					
Cash at bank and in hand			7,225		7,433
Bank overdrafts included in creditors payable within one year			—		—
			7,225		7,433

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

B T Q Limited ('the company') is a limited company domiciled and incorporated by shares in England and Wales. The registered office and principal place of business is Wathen Street, Staple Hill, Bristol, BS16 5LL.

The group consists of B T Q Limited and all its subsidiaries (see note 15). The principal activities of the company and its subsidiaries are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 whole £1,000, except where otherwise indicated.

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

Reduced disclosures

The company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of B T Q Limited and all its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. All financial statements are made up to 31 December each year.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Going concern

At the time of approving the financial statements and after reviewing the group's current performance, forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Turnover

The turnover shown in the statement of comprehensive income represents amounts invoiced for goods and services during the year, exclusive of Value Added Tax, as adjusted for deferred income at the year-end where invoicing is in advance of the supply of goods and services.

Intangible fixed assets – goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit or loss over its estimated economic life.

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of between 10 and 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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:

Goodwill	10-20 years straight line
Software	3-7 years straight line
Brand name	10 years straight line
Customer relationships	10 years straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation 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:

Freehold land	Not depreciated
Freehold buildings	40-50 years straight line
Plant, equipment and vehicles	3-10 years 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 recognised in the income statement.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	Purchase cost on a first-in, first-out basis
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Investments

Investments in subsidiary undertakings are recorded at cost. This is assessed for impairment should any indicators of impairment be identified by the directors.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Financial instruments

The group 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 assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through or are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through or are measured at fair value.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group are recorded at the 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 group.

Taxation

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

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

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

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and in the tax computation. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The group operates a defined contribution pension scheme, covering certain of its permanent employees. The scheme funds are administered by trustees and are independent of the group's finances. The group's contributions are charged against profits in the year in which contributions are made.

Leases

Any leased assets are initially recorded at cost as a fixed asset and are written off over the period of the lease. The income generated from these assets is recognised in profit or loss, evenly over the period of the lease.

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 lease asset are consumed.

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.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty

In the application of the group'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. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Depreciation of equipment held under lease

The directors make an estimate of the depreciation that should be charged on equipment leased to customers, on the basis of the expected cost of issuing replacement equipment under the terms of the underlying contractual arrangements. This is quantified in note 14.

3 Turnover and other revenue

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

	2017	2016
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	12,041	12,405
Rest of the World	17,024	14,777
	<hr/>	<hr/>
	29,065	27,182
	<hr/>	<hr/>

An analysis of turnover by class of business has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the group.

During the year the group received £4,977,000 (2016 – £5,433,000) of income relating to assets leased under operating leases.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating costs

Operating costs as disclosed in the statement of comprehensive income can be further analysed as follows:

	2017	2016
	£'000	£'000
Turnover	29,065	27,182
Cost of sales	(19,760)	(18,200)
	<u> </u>	<u> </u>
Gross profit	9,305	8,982
Distribution costs	(1,152)	(1,037)
Administrative expenses	(6,376)	(6,831)
Share of profits distributed to employees	(304)	(252)
	<u> </u>	<u> </u>
Operating profit	1,473	862

5 Operating profit

	2017	2016
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	33	(6)
Depreciation of owned tangible fixed assets	2,211	3,334
(Gain)/loss on disposal of tangible fixed assets	(31)	29
Operating lease charges	355	347
Amortisation of intangible assets	118	141
Cost of stocks recognised as an expense	16,152	14,916
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2017	2016
	£'000	£'000
Fees paid to group auditor and affiliates for the audit of the parent company's annual accounts	8	8
Audit of the accounts of subsidiaries	62	67
Taxation compliance services	21	20
All other non-audit services	23	17
	<u> </u>	<u> </u>
	114	112

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Employees

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

	Group 2017 Number	Group 2016 Number	Company 2017 Number	Company 2016 Number
Production staff	224	226	–	–
Sales and administration staff	48	54	4	4
	<u>272</u>	<u>280</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Wages and salaries	6,133	6,079	94	70
Social security costs	654	638	10	6
Pension costs	191	192	–	4
Share of profits distributed to employees	304	252	–	–
	<u>7,282</u>	<u>7,161</u>	<u>104</u>	<u>80</u>

8 Directors' remuneration

	2017 £'000	2016 £'000
Remuneration for qualifying services	419	377
Company pension contributions to defined contribution schemes	–	30
Employer's national insurance contributions	35	26
	<u>454</u>	<u>433</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to nil (2016 – 1). Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2017 £'000	2016 £'000
Remuneration for qualifying services	225	185
Company pension contributions to defined contribution schemes	–	30
	<u>225</u>	<u>215</u>

B T Q LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017**

9 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest income		
Interest on bank deposits	14	27
	<u> </u>	<u> </u>

10 Interest payable and similar expenses

	2017 £'000	2016 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6	3
	<u> </u>	<u> </u>

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Taxation

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on profits for the current period	229	328
Adjustments in respect of prior periods	–	(7)
	<hr/>	<hr/>
Total UK current tax	229	321
Foreign current tax on profits for the current period	29	(96)
Foreign tax adjustments in respect of prior periods	–	(75)
	<hr/>	<hr/>
Total current tax	258	150
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	(83)	(152)
Change in tax rates	–	25
	<hr/>	<hr/>
Total deferred tax	(83)	(127)
	<hr/>	<hr/>
Total tax charge	175	23
	<hr/>	<hr/>

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2017 £'000	2016 £'000
Profit before taxation	1,481	886
	<hr/>	<hr/>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016 – 20.00%)	285	177
Expenses not deductible for tax purposes	13	1
Adjustments in respect of prior years	–	(82)
Effect of overseas tax rates	(118)	(113)
Adjust deferred tax to reconciliation rate	6	274
Fixed asset differences	(11)	(234)
	<hr/>	<hr/>
Tax charge for the year	175	23
	<hr/>	<hr/>

Factors that may affect future tax charges

The main rate of corporation tax in the UK will be reduced to 17% from 1 April 2020.

B T Q LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2017****12 Dividends**

	2017 £'000	2016 £'000
Final paid in respect of the previous year	129	150
Interim paid in respect of the current year	57	37
	<u>186</u>	<u>187</u>

In addition to the dividends disclosed above, since the balance sheet date the directors have proposed a final dividend of £127,200 in respect of the year ended 31 December 2017 (2016 – £129,120 in respect of the year ended 31 December 2016) and an interim dividend of £20,800 in respect of the year ended 31 December 2018 (2016 – £18,720 in respect of the year ended 31 December 2017). Those dividends are not recognised as a liability at the balance sheet date.

13 Intangible fixed assets

Group	Goodwill £'000	Brand name £'000	Customer relationships £'000	Software £'000	Total £'000
Cost					
At 1 January 2017	1,267	37	46	400	1,750
Additions - external	–	–	–	50	50
Exchange adjustments	(58)	–	–	(11)	(69)
	<u>1,209</u>	<u>37</u>	<u>46</u>	<u>439</u>	<u>1,731</u>
At 31 December 2017	1,209	37	46	439	1,731
Amortisation					
At 1 January 2017	1,210	7	8	286	1,511
Charge for the period	44	4	4	66	118
Exchange adjustments	(51)	–	–	(21)	(72)
	<u>1,203</u>	<u>11</u>	<u>12</u>	<u>331</u>	<u>1,557</u>
At 31 December 2017	1,203	11	12	331	1,557
Carrying amount					
At 31 December 2017	6	26	34	108	174
At 31 December 2016	57	30	38	114	239

The amortisation of intangible assets is included within operating costs.

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improvements	Plant, equipment & motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2017	4,177	–	24,529	28,706
Additions	6	135	2,357	2,498
Disposals	–	–	(1,100)	(1,100)
Exchange adjustments	(295)	–	(149)	(444)
At 31 December 2017	3,888	135	25,637	29,660
Amortisation				
At 1 January 2017	1,068	–	23,727	24,795
Charge for the period	104	14	2,093	2,211
Eliminated in respect of disposals	–	–	(1,084)	(1,084)
Exchange adjustments	(82)	–	(129)	(211)
At 31 December 2017	1,090	14	24,607	25,711
Carrying amount				
At 31 December 2017	2,798	121	1,030	3,949
At 31 December 2016	3,109	–	802	3,911

Freehold land and buildings includes £682,000 (2016 – £682,000) in respect of land which is not depreciated.

Included in plant and equipment are assets available for lease with a cost of £21,486,000 (2016 – £20,594,000) and net book value of £979,000 (2016 – £601,000).

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Fixed asset investments

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Investments in subsidiaries	–	–	8,930	8,930

Company name	Country	Holding	Type	Business
BTQ Holdings Limited	England & Wales	100.00%	Ordinary	Dormant
Bristol Managed Services Limited	England & Wales	100.00%	Ordinary	Managed services
Bristol Uniforms Limited	England & Wales	100.00%	Ordinary	Garment supply
Bell Apparel Limited	England & Wales	100.00%	Ordinary	Garment supply
Bufire Overseas Limited *	England & Wales	100.00%	Ordinary	Dormant
Bristol Care Limited *	England & Wales	100.00%	Ordinary	Dormant
BTQ Inc	Kentucky, USA	100.00%	Common	Holding company
Topps Safety Apparel Inc **	Kentucky, USA	100.00%	Common	Garment supply
Bristol Fire Apparel Inc **	Indiana, USA	100.00%	Common	Garment supply
Quaker Safety Products Corporation **	Pennsylvania, USA	100.00%	Common	Garment supply

*Held by Bristol Uniforms Limited

**Held by BTQ Inc

The registered office of the UK companies is Wathen Street, Staple Hill, Bristol, BS16 5LL. The registered office of BTQ Inc, Topps Safety Apparel Inc and Bristol Fire Apparel Inc is 2516 E. State Road 14, PO Box 750, Rochester, Indiana 46975 USA. The registered office of Quaker Safety Products Corporation is 1121 Richland Commerce Drive, Suite A, Quakertown, PA 18951-2518 USA.

16 Financial instruments

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,270	4,550	1,279	1,279
Equity instruments measured at cost less impairment	–	–	8,930	8,930
Carrying amount of financial liabilities				
Measured at amortised cost	4,092	3,118	1,350	1,357

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Stocks

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Raw materials and consumables	4,942	3,507	–	–
Work in progress	2,157	1,646	–	–
Finished goods	2,600	2,608	–	–
Demonstration stock	18	18	–	–
	<u>9,717</u>	<u>7,779</u>	<u>–</u>	<u>–</u>

The difference between purchase price or production cost of stocks and their replacement cost is not considered material.

18 Debtors

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Amounts falling due within one year:				
Trade debtors	3,881	4,286	–	–
Amounts due from group undertakings	–	–	1,279	1,279
Other debtors	389	264	–	–
Prepayments and accrued income	327	419	–	–
Deferred tax asset (see below)	443	677	–	–
	<u>5,040</u>	<u>5,646</u>	<u>1,279</u>	<u>1,279</u>

There are no fixed repayment terms associated with the amount due from group undertakings, and the directors consider that the majority of this balance will be recovered in more than one year.

Further details of deferred tax assets and liabilities are given in note 22.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19 Creditors: falling due within one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans	57	105	–	–
Trade creditors	2,733	1,388	–	–
Corporation tax payable	96	154	1	2
Other taxation and social security	154	129	–	–
Amounts due to group undertakings	–	–	1,335	1,343
Other creditors	224	366	–	–
Accruals and deferred income	1,078	1,024	15	14
	<u>4,342</u>	<u>3,166</u>	<u>1,351</u>	<u>1,359</u>

A US subsidiary has a line of credit of US\$0.5m (2016 – US\$0.5m) available to it which incurs an interest charge at the higher of the US prime rate and 4.5%. No borrowings had been made against this line of credit at 31 December 2017 (2016 – US\$nil). Borrowings are secured against that company's assets.

The term loan is secured by real estate. Interest is computed at 3.5% per annum and monthly instalments are payable until 30 September 2019.

20 Creditors: falling due after more than one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans	–	165	–	–
Other creditors	–	70	–	–
	<u>–</u>	<u>235</u>	<u>–</u>	<u>–</u>

Included within other creditors are balances due under non-recourse financing arrangements with commercial lenders in respect of sales contracts. The balance matures over the following periods:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Amounts repayable in:				
Less than one year	67	340	–	–
More than one year but not more than two	–	67	–	–
More than one year but not more than five	–	–	–	–
	<u>67</u>	<u>407</u>	<u>–</u>	<u>–</u>

The term loan is secured by real estate. Interest is computed at 3.5% per annum and monthly instalments are payable until 30 September 2019.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Provisions for liabilities

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Deferred tax liabilities (see note 22)	135	470	–	–

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

	Group 2017 £'000	Group 2016 £'000
Balances		
Fixed asset timing differences	435	670
Short-term timing differences	8	7
Overseas short-term timing differences	(135)	(470)
	<u>308</u>	<u>207</u>
Presented as follows:		
Included in assets	443	677
Included in liabilities	(135)	(470)
	<u>308</u>	<u>207</u>

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

	Group 2017 £'000	Group 2016 £'000
Movements in the year:		
Asset at start of year	207	148
Credit to profit or loss	83	152
Effect of change in tax rate – profit or loss	–	(25)
Exchange adjustments	18	(68)
	<u>308</u>	<u>207</u>

It is not possible to estimate reliably the extent to which the deferred tax assets and liabilities set out above are expected to reverse within the next twelve months.

The company has no deferred tax assets or liabilities.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

23 Retirement benefit schemes

The group operates two pension schemes. In the UK a defined contribution scheme is operated. The assets of the scheme are held separately from those of the group. The contributions to the scheme are charged to the statement of comprehensive income as they become payable. A US trading subsidiary operates an elective contribution plan, in which the subsidiary contributes an amount of 25% of the employees' contributions up to 5% of their compensation. The contributions to the scheme are charged to the statement of comprehensive income as they become payable.

24 Share capital

	Group and company 2017 £'000	Group and company 2016 £'000
Ordinary share capital		
Authorised, issued and fully paid		
25,440 (2016 – 25,440) ordinary shares of £1 each	25	25
720 (2016 – 640) ordinary A shares of £1 each	1	1
	<hr/>	<hr/>
	26	26
	<hr/>	<hr/>

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.

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

	Ordinary Number	Ordinary A Number
Reconciliation of movements during the year:		
At 1 January 2017	25,440	640
Issue of fully paid shares at par	–	80
	<hr/>	<hr/>
At 31 December 2017	25,440	720
	<hr/>	<hr/>

A further 80 ordinary A shares were issued at par after the year end.

25 Reserves

Share premium

The share premium account reflects the consideration received for shares issued above their nominal value, net of transaction costs.

Capital redemption reserve

The capital redemption reserve reflects the nominal value of own shares which have been repurchased and subsequently cancelled.

Capital reserve

The capital reserve reflects the value of negative goodwill arising upon a historic business combination.

Profit and loss reserves

The profit and loss reserves reflect cumulative profits and losses net of distributions to shareholders.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

26 Cash generated from operations

	2017 £'000	2016 £'000
Profit for the year after tax	1,306	863
Adjustments for:		
Taxation charged	175	23
Finance costs	6	3
Investment income	(14)	(27)
(Gain)/loss on disposal of tangible fixed assets	(31)	29
Amortisation and impairment of intangible assets	118	141
Depreciation and impairment of tangible fixed assets	2,211	3,334
Exchange differences	(245)	650
Movements in working capital:		
Increase in stocks	(1,938)	(1,103)
Decrease/(increase) in debtors	372	(1,265)
Increase/(decrease) in creditors	1,282	(388)
Cash generated from operations	3,242	2,260

27 Financial commitments, guarantees and contingent liabilities

A US subsidiary has had two product liability lawsuits brought against it specifying an asbestos related liability. As the company has never manufactured any product containing asbestos, management believes these claims are without merit and therefore has not provided any sums with regard to these claims.

The US subsidiary has a product liability lawsuit brought against it specifying personal injuries caused by the defective manufacture of bunker pants. Management believes the claim is without merit and therefore has not provided any sums with regard to this claim.

The company is a member of a group VAT registration and is jointly and severally liable for the group VAT liability. The members of the VAT group are Bristol Uniforms Limited, Bristol Managed Services Limited and B T Q Limited. The year-end group VAT position was a recoverable balance of £104,000 (2016 – £10,000).

28 Commitments

Lessee

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

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Amounts due:				
Within one year	425	331	–	–
Between two and five years	1,341	392	–	–
In over five years	1,311	–	–	–
	3,077	723	–	–

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

28 Commitments (continued)

Lessor

The group receives lease income under managed services contracts relating to Personal Protective Equipment for firefighters. Lease terms are between three and ten years in length. At the reporting end date, the group had contracted with customers for the following minimum income under equipment leasing arrangements:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Amounts receivable:				
Within one year	3,547	4,236	–	–
Between two and five years	1,708	4,711	–	–
In over five years	805	1,052		
	<u>6,060</u>	<u>9,999</u>	<u>–</u>	<u>–</u>

Other commitments

The group enters into agreements whereby purchases of materials within a fixed period will be at a fixed price. The value of the outstanding, unprovided commitments at the year end was £6,107,000 (2016 – £2,049,000). There was no commitment at the year end to purchase machinery (2016 – £nil).

29 Related party transactions

The directors consider key management personnel to be the directors. Remuneration is disclosed in Note 8. The group has taken advantage of the exemption under Section 33 of FRS 102 and has not reported details of transactions or balances between wholly-owned companies.

30 Directors' transactions

During the year dividends were paid to the following directors:

	2017 £'000	2016 £'000
A D Dorrell	59	64
C I Dorrell	18	19
A C James	29	32
I P Mitchell	23	17
	<u>129</u>	<u>132</u>

31 Ultimate controlling party

In the opinion of the directors there is no ultimate controlling party.

32 Events after the reporting date

On 8 June 2018 the group entered into new financing arrangements with its bankers, HSBC Bank Plc. This funding is secured by a fixed and floating charge dated 8 June 2018 over the assets of the group.