

BURT BOULTON & HAYWOOD LIMITED

Company Registration No. 03540326 (England and Wales)

ANNUAL REPORT AND ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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BURT BOULTON & HAYWOOD LIMITED

COMPANY INFORMATION

Directors	Mr A P Mononen Mr J Monni Mr P O I Mononen Mr O Hulleberg
Secretary	Mr O Hulleberg
Company number	03540326
Registered office	Alexandra Docks Newport Gwent NP20 2WA
Auditor	Dyke Yaxley Limited 1 Brassey Road Old Potts Way Shrewsbury Shropshire SY3 7FA

BURT BOULTON & HAYWOOD LIMITED

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BURT BOULTON & HAYWOOD LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

The company has experienced a good performance in the year. This has principally been driven by good demand in the utility sector.

The company had net current assets of £3,646,950 at 31 December 2016 which is a 19.5% decrease on the previous year net current assets balance of £4,538,865.

We anticipate that volumes across business streams will change in 2017 to some extent. Demand for power transmission poles will slightly decrease, but the demand for telecommunication poles and treated timber products will stay strong.

BBH is owned 100% by Scapole BBH Ltd, which is a part of the Iivari Mononen Group.

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 key business risks and uncertainties affecting the company are considered to relate to competition and future legislation relating to the Biocidal Products (preservatives) Regulations.

Competition

The company operates in a competitive market, and to reduce this risk the company works with its customers and suppliers to ensure that the company's products meet their needs in order to retain their custom. If necessary the company then adjusts its strategy to better meet the customer's needs.

Future legislation relating to Biocidal Products (preservatives)

The company utilises certain wood preservative products which may be subject to future legislation changes - such legislation includes the Biocidal Products Regulation (BPR). Under the BPR wood preservatives are authorised for a period of 5 to 10 years. One of the preservatives used by the company is classed as 'products for substitution', namely creosote. The company is mitigating this risk by researching alternative wood preservatives that meet BPR criteria as well as researching alternative materials that would be acceptable to the utility sector.

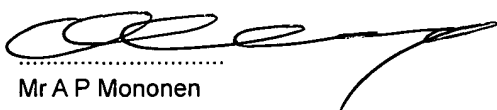
Key performance indicators

Management have identified Key Performance Indicators (KPI's) that are used to drive business performance and to set targets for departments and employees throughout the business that will deliver the desired strategic goals.

The performance indicators used by management to assess performance of the company are turnover and profit on ordinary activities before taxation. The company has recognised turnover of £12,981,278 (2015 £14,107,499) and profit on ordinary activity before tax of £1,016,191 (2015 £1,620,746).

Burt Boulton & Haywood Limited will distribute dividends of £800,000.

On behalf of the board



Mr A P Mononen

Director

24.4.2017

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of the manufacture of telegraph and transmission poles and related timber preservation.

Directors

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

Mr A P Mononen
Mr J Monni
Mr P O I Mononen
Mr O Hulleberg

Results and dividends

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £1,700,000. The directors do not recommend payment of a further dividend.

No preference dividends were paid.

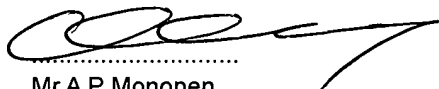
Auditor

Dyke Yaxley Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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.

On behalf of the board



Mr A P Mononen

Director

24/4/2017

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

BURT BOULTON & HAYWOOD LIMITED

INDEPENDENT AUDITOR'S REPORT TO BURT BOULTON & HAYWOOD LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006.

We have examined the abbreviated accounts which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, together with the financial statements of Burt Boulton & Haywood Limited for the year ended 31 December 2016 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445 (3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



**Mr Andrew Young (Senior Statutory Auditor)
for and on behalf of Dyke Yaxley Limited**

30/4/2017

**Chartered Accountants
Statutory Auditor**

1 Brassey Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

BURT BOULTON & HAYWOOD LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	12,981,278	14,107,499
Other operating income and cost of sales		(9,971,784)	(10,221,163)
Distribution costs		(536,474)	(978,240)
Administrative expenses		(1,455,749)	(1,263,512)
Operating profit	4	1,017,271	1,644,584
Interest receivable and similar income	7	570	1,532
Interest payable and similar expenses	8	(1,650)	(20,270)
Amounts written off investments	9	-	(5,100)
Profit before taxation		1,016,191	1,620,746
Taxation	10	(182,458)	(329,648)
Profit for the financial year	22	833,733	1,291,098

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Profit for the year	833,733	1,291,098
Other comprehensive income	-	-
Total comprehensive income for the year	<u>833,733</u>	<u>1,291,098</u>

BURT BOULTON & HAYWOOD LIMITED

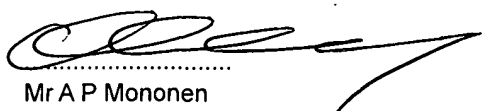
BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	12		2		2
Tangible assets	13		606,184		573,682
			<u>606,186</u>		<u>573,684</u>
Current assets					
Stocks	14	2,360,197		2,825,886	
Debtors	15	2,551,122		2,123,442	
Cash at bank and in hand		467		726,390	
		<u>4,911,786</u>		<u>5,675,718</u>	
Creditors: amounts falling due within one year	16	<u>(1,264,836)</u>		<u>(1,136,853)</u>	
Net current assets			<u>3,646,950</u>		<u>4,538,865</u>
Total assets less current liabilities			<u>4,253,136</u>		<u>5,112,549</u>
Creditors: amounts falling due after more than one year	17		(13,157)		(17,803)
Provisions for liabilities	20		(165,146)		(153,646)
Net assets			<u><u>4,074,833</u></u>		<u><u>4,941,100</u></u>
Capital and reserves					
Called up share capital	21	500,002		500,002	
Profit and loss reserves	22	3,574,831		4,441,098	
Total equity		<u><u>4,074,833</u></u>		<u><u>4,941,100</u></u>	

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 24/4/2017 and are signed on its behalf by:



 Mr A P Mononen
 Director

Company Registration No. 03540326

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015		8,000,002	(4,350,000)	3,650,002
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	1,291,098	1,291,098
Reduction of shares	21	(7,500,000)	-	(7,500,000)
Transfers		-	7,500,000	7,500,000
Balance at 31 December 2015		500,002	4,441,098	4,941,100
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	833,733	833,733
Dividends	11	-	(1,700,000)	(1,700,000)
Balance at 31 December 2016		500,002	3,574,831	4,074,833

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,536,944		722,611	
Interest paid		(1,650)		(20,270)	
Income taxes paid		(432,935)		(161,780)	
Net cash inflow from operating activities		1,102,359		540,561	
Investing activities					
Purchase of tangible fixed assets		(219,812)		(47,942)	
Proceeds on disposal of tangible fixed assets		-		599,745	
Proceeds on disposal of subsidiaries		-		5,100	
Proceeds on disposal of fixed asset investments		-		(5,100)	
Interest received		570		1,532	
Net cash (used in)/generated from investing activities		(219,242)		553,335	
Financing activities					
Payment of finance leases obligations		(4,646)		5,494	
Dividends paid		(1,700,000)		-	
Net cash (used in)/generated from financing activities		(1,704,646)		5,494	
Net (decrease)/increase in cash and cash equivalents		(821,529)		1,099,390	
Cash and cash equivalents at beginning of year		726,390		(373,000)	
Cash and cash equivalents at end of year		(95,139)		726,390	
Relating to:					
Cash at bank and in hand		467		726,390	
Bank overdrafts included in creditors payable within one year		(95,606)		-	

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Burt Boulton & Haywood Limited is a company limited by shares incorporated in England and Wales. The registered office is Alexandra Docks, Newport, Gwent, NP20 2WA.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.4 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:

Patents

Nil

No amortisation has been provided in respect of the patents in this year as the current written down value is only £2 and it is felt these patents have at least 2 more years remaining.

1.5 Tangible fixed assets

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

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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:

Land and buildings Freehold	Nil and 20% straight line basis
Plant and machinery	25% straight line basis
Motor vehicles	25% reducing balance basis

Certain freehold properties have not been depreciated on the grounds that in the opinion of the directors freehold properties are maintained in such a state of repair that their residual value is at least equal to their net book value. As a result, the corresponding depreciation would not be material and therefore is not charged in the profit and loss account.

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

1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

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

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

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

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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. 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.13 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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.14 Leases

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

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

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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2016 £	2015 £
Total turnover	<u>12,981,278</u>	<u>14,107,499</u>
Other significant revenue		
Interest income	<u>570</u>	<u>1,532</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	130,867	(43,992)
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	17,866
Depreciation of owned tangible fixed assets	187,310	185,145
Profit on disposal of tangible fixed assets	-	(357,630)
Cost of stocks recognised as an expense	9,191,127	9,441,334
Operating lease charges	4,231	8,635

5 Employees

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

	2016 Number	2015 Number
Production	20	22
Management and administration	9	8
	<u>29</u>	<u>30</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	<u>944,707</u>	<u>972,450</u>

Redundancy payments in the year include £nil (2015: £1,164)

6 Directors' remuneration

	2016 £	2015 £
Pensions to former directors	<u>-</u>	<u>14,000</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	-	1,532
Other interest income	570	-
Total income	570	1,532

8 Interest payable and similar expenses

	2016 £	2015 £
Interest on bank overdrafts and loans	296	18,014
Interest on finance leases and hire purchase contracts	1,354	2,256

9 Amounts written off investments

	2016 £	2015 £
Other gains and losses	-	(5,100)

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	202,904	252,757
Adjustments in respect of prior periods	(20,446)	-
Total current tax	182,458	252,757
Deferred tax		
Origination and reversal of timing differences	-	76,891
Total tax charge	182,458	329,648

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	1,016,191	1,620,746
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	203,238	324,149
Tax effect of expenses that are not deductible in determining taxable profit	(5,690)	5,499
Adjustments in respect of prior years	(15,090)	-
Taxation for the year	182,458	329,648

11 Dividends

	2016 £	2015 £
Final paid	1,700,000	-

12 Intangible fixed assets

	Patents £
Cost	
At 1 January 2016 and 31 December 2016	2
Amortisation and impairment	
At 1 January 2016 and 31 December 2016	-
Carrying amount	
At 31 December 2016	2
At 31 December 2015	2

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Tangible fixed assets

	Land and buildings Freehold	Plant and Motor vehicles machinery		Total
	£	£	£	£
Cost				
At 1 January 2016	377,000	2,806,226	34,064	3,217,290
Additions	-	219,812	-	219,812
At 31 December 2016	377,000	3,026,038	34,064	3,437,102
Depreciation and impairment				
At 1 January 2016	230,988	2,404,104	8,516	2,643,608
Depreciation charged in the year	24,731	154,367	8,212	187,310
At 31 December 2016	255,719	2,558,471	16,728	2,830,918
Carrying amount				
At 31 December 2016	121,281	467,567	17,336	606,184
At 31 December 2015	146,012	402,122	25,548	573,682

14 Stocks

	2016 £	2015 £
Raw materials and consumables	2,082,135	1,649,589
Finished goods and goods for resale	278,062	1,176,297
	2,360,197	2,825,886

15 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	432,496	826,209
Corporation tax recoverable	74,609	-
Amount due from parent undertaking	1,828,497	1,150,000
Other debtors	151,951	72,000
Prepayments and accrued income	63,569	75,233
	2,551,122	2,123,442

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	18	95,606	-
Obligations under finance leases	19	4,646	4,646
Trade creditors		364,348	559,347
Amounts due to group undertakings		527,735	-
Corporation tax		-	175,868
Other taxation and social security		222,858	280,012
Other creditors		7,941	11,495
Accruals and deferred income		41,702	105,485
		<u>1,264,836</u>	<u>1,136,853</u>

17 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	19	<u>13,157</u>	<u>17,803</u>

18 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	<u>95,606</u>	<u>-</u>
Payable within one year	<u>95,606</u>	<u>-</u>

The bank overdraft is unsecured.

19 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	4,646	4,646
In two to five years	13,157	17,803
	<u>17,803</u>	<u>22,449</u>

It is the company's policy to lease certain equipment under finance leases. The average lease term is 3 years. Interest rates are fixed at the contract date. All leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20 Provisions for liabilities

	2016 £	2015 £
	165,146	153,646
Movements on provisions:		
		£
At 1 January 2016		153,646
Additional provisions in the year		60,000
Utilisation of provision		(48,500)
At 31 December 2016		165,146

21 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
2 Ordinary shares of £1 each	2	2
Preference share capital		
Issued and fully paid		
500,000 Preference shares of £1 each	500,000	500,000

22 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	4,441,098	(4,350,000)
Profit for the year	833,733	1,291,098
Dividends	(1,700,000)	-
Transfer to reserves	-	7,500,000
At the end of the year	3,574,831	4,441,098

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

23 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties and for some vehicles. Leases are negotiated for an average term of 10 years and rentals are fixed for this period with an option to extend for a further 10 years at the prevailing market rate.

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

	2016 £	2015 £
Within one year	1,500	198,675
Between two and five years	217,290	4,230
	<u>218,790</u>	<u>202,905</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Related party transactions

Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2016	2015	2016	2015
	£	£	£	£
Entities with control, joint control or significant influence over the company	5,785,646	938	2,941,866	2,390,499
	<u>5,785,646</u>	<u>938</u>	<u>2,941,866</u>	<u>2,390,499</u>
	Services provided		Services purchased	
	2016	2015	2016	2015
	£	£	£	£
Entities with control, joint control or significant influence over the company	32,046	-	281,664	-
	<u>32,046</u>	<u>-</u>	<u>281,664</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
Entities with control, joint control or significant influence over the company	527,735	121,305
	<u>527,735</u>	<u>121,305</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed by related parties	
	2016		2015	
	Balance	Net	Balance	Net
	£	£	£	£
Entities with control, joint control or significant influence over the company	1,828,497	1,828,497	1,150,000	1,150,000
	<u>1,828,497</u>	<u>1,828,497</u>	<u>1,150,000</u>	<u>1,150,000</u>

No guarantees have been given or received.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

25 Controlling party

The ultimate parent company is Iivari Mononen Oy a company incorporated and trading in Finland.

The ultimate parent company Iivari Mononen Oy prepares accounts for the group. The registered office of the company is Rantakatu 25c, 80100 Joensuu, Finland.

26 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	833,733	1,291,098
Adjustments for:		
Taxation charged	182,458	329,648
Finance costs	1,650	20,270
Investment income	(570)	(1,532)
Gain on disposal of tangible fixed assets	-	(357,630)
Depreciation and impairment of tangible fixed assets	187,310	185,145
Amounts written off investments	-	5,100
Pension scheme non-cash movement	-	14,000
Increase/(decrease) in provisions	11,500	(249,354)
Movements in working capital:		
Decrease in stocks	465,689	1,649,114
(Increase) in debtors	(353,071)	(281,542)
Increase/(decrease) in creditors	208,245	(1,699,706)
(Decrease) in deferred income	-	(182,000)
Cash generated from operations	1,536,944	722,611