

BURT BOULTON & HAYWOOD LIMITED
Company Registration No. 03540326 (England and Wales)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



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BURT BOULTON & HAYWOOD LIMITED

COMPANY INFORMATION

Directors	Mr A P Mononen Mr J Monni Mr O Hulleberg Mr T K Mononen	(Appointed 6 August 2019)
Secretary	Mr O Hulleberg	
Company number	03540328	
Registered office	Alexandra Docks Newport Gwent NP20 2WA	
Auditor	Dyke Yaxley Limited 1 Brassey Road Old Potts Way Shrewsbury Shropshire SY3 7FA	

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BURT BOULTON & HAYWOOD LIMITED

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BURT BOULTON & HAYWOOD LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Burt Boulton & Haywood Limited is a wholly owned subsidiary of Scanpole Oy and a part of the Iivari Mononen Group.

Fair review of the business

Pole and Timber procurement

Pole procurement is as a Group function implemented in collaboration with Scanpole Oy in Finland. During 2019 pole deliveries to Newport were reduced compared to previous year; meeting current market demand, while maintaining BREXIT readiness. Pole stocks at Keelby facility increased to serve new contracts won in 2018. Deliveries of fencing material from Baltics and Norway grew to meet the buoyant demand from both agricultural & equestrian markets. GBP and Euros volatility along with significant wood raw timber price rises presented some challenges.

Production

Production in the UK evolved to meet new business needs. Fencing production increased significantly and the Newport facility benefited from receiving more finished pole deliveries from our Nordic factories.

Sales

Electricity pole demand was lower in the first half of the year as key customers balanced their inventory. Demand in Q4 picked up significantly. Telecom poles business was steady. Creosoted fencing products sales grew strongly throughout the year. This was supported well by the Scanpole AS acquisition of the Norwegian fence post supplier Solor Agro Tre in Q3. The high-quality material and consistent supply of products was appreciated by UK customers of BBH.

Staff matters

To meet the changing needs of the business the headcount in BBH was reduced in the first half of the year. Staff absenteeism remains low, building on improvements made in 2018.

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.

BURT BOULTON & HAYWOOD LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Key performance indicators

Financials

	2017	2018	2019
Turnover, £	13,382,208	11,222,476	12,230,413
EBIT, £	-50,914	267,973	916,442
EBIT - %	-0.3%	2.4%	7.5%
Solvency ratio	6%	61%	56%
Return on equity - %	-27%	48%	22%

Personnel key figures

	2017	2018	2019
Employed personnel	29	28	25
Salaries, £	1,009,447	1,028,356	954,987
Average salary, £	34,909	36,733	38,199
Absence due to illness %	3.3%	1.96%	2.2%
Temporary personnel	2.5	0.1	2.0

Investments

Group investments in the Newport plant were planned to be less than 2018. Infrastructure spending focused on continuing the health & safety development by improving the site road network and fencing. Investments in pole bogies design had a very positive impact on charge load efficiency. The total sum of the investments was £64,500.

Environmental Issues


Burt Boulton & Haywood Limited's facilities are located at a leased site in the dock of Newport. Impregnation of wood has been taking place in Newport since the 19th century resulting in pollution of soil and ground water. The conditions are well registered, and several investments have isolated the contamination. The operations are permitted by Newport City Council and Natural Resources Wales.

Expectations for 2020

Despite uncertainties over BREXIT the outlook for 2020 is positive. Telecom & fencing businesses are expected to show growth from Q2 onwards. While electricity pole business is expected to increase as the industry enters the last 3 years of the 8 year regulatory period.

The global COVID-19 pandemic brought up uncertainty to the economic landscape in general. We have estimated that the impact of COVID-19 to our operations will be less than to the majority of other businesses. So far, we have not seen any major implications to our procurement, production or orderbooks. However the transportation costs have increased especially for containers. Despite the uncertainty in general market outlook, we expect to meet the profitability level of 2019 which is supported by improvements made in our production efficiency, ERP-system and procurement.

On behalf of the board


Mr A P Mononen
Director
2020/06/10

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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 O Hulleberg

Mr T Luukkainen

Mr T K Mononen

(Resigned 24 April 2019)

(Appointed 6 August 2019)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £100,000.

No preference dividends were paid.

Auditor

In accordance with the company's articles, a resolution proposing that Dyke Yaxley Limited be reappointed as auditor of the company will be put at a General Meeting.

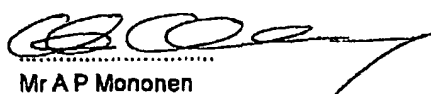
Strategic report

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

On behalf of the board



Mr A P Mononen

Director

Date: 2020/06/10

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 THE MEMBERS OF BURT BOULTON & HAYWOOD LIMITED

Opinion

We have audited the financial statements of Burt Boulton & Haywood Limited (the 'company') for the year ended 31 December 2019 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

BURT BOULTON & HAYWOOD LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BURT BOULTON & HAYWOOD LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements


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

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

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.

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

Chartered Accountants
Statutory Auditor


...11 June 2020

1 Brassey Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

BURT BOULTON & HAYWOOD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	12,230,927	11,222,476
Cost of sales		(10,149,915)	(9,810,918)
Gross profit		2,081,012	1,611,558
Distribution costs		(9,106)	(18,683)
Administrative expenses		(1,155,464)	(1,324,902)
Operating profit	4	916,442	267,973
Interest receivable and similar income	6	572	-
Interest payable and similar expenses	7	(120)	301
Profit before taxation		916,894	268,274
Tax on profit	8	(186,119)	(126,093)
Profit for the financial year		730,775	142,181

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 2019

	2019 £	2018 £
Profit for the year	730,775	142,181
Other comprehensive income	5	-
Total comprehensive income for the year	<u>730,775</u>	<u>142,181</u>

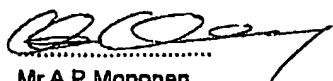
BURT BOULTON & HAYWOOD LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10		497,688		513,249
Current assets					
Stocks	11	2,344,976		3,544,084	
Debtors	12	3,281,964		350,631	
Cash at bank and in hand		128		239,879	
		<u>5,627,068</u>		<u>4,134,594</u>	
Creditors: amounts falling due within one year	13	<u>(2,462,527)</u>		<u>(1,676,421)</u>	
Net current assets			<u>3,164,541</u>		<u>2,458,173</u>
Total assets less current liabilities			<u>3,662,229</u>		<u>2,971,422</u>
Provisions for liabilities	14		<u>(253,007)</u>		<u>(192,975)</u>
Net assets			<u><u>3,409,222</u></u>		<u><u>2,778,447</u></u>
Capital and reserves					
Called up share capital	16	500,002		500,002	
Profit and loss reserves	17	2,909,220		2,278,445	
Total equity			<u><u>3,409,222</u></u>		<u><u>2,778,447</u></u>

The financial statements were approved by the board of directors and authorised for issue on 2020/06/10 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 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018		500,002	2,636,264	3,136,266
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	142,181	142,181
Dividends	9	-	(500,000)	(500,000)
Balance at 31 December 2018		500,002	2,278,445	2,778,447
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	730,775	730,775
Dividends	9	-	(100,000)	(100,000)
Balance at 31 December 2019		500,002	2,909,220	3,409,222

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	21		14,522		609,865
Interest paid			(120)		301
Income taxes (paid)/refunded			(89,653)		48,200
Net cash (outflow)/inflow from operating activities			(75,251)		658,366
Investing activities					
Purchase of tangible fixed assets		(65,072)		(9,610)	
Interest received		572		-	
Net cash used in Investing activities			(64,500)		(9,610)
Financing activities					
Dividends paid		(100,000)		(500,000)	
Net cash used in financing activities			(100,000)		(500,000)
Net (decrease)/increase in cash and cash equivalents			(239,751)		148,756
Cash and cash equivalents at beginning of year			239,879		91,123
Cash and cash equivalents at end of year			128		239,879

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Burt Boulton & Haywood Limited is a private 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. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Iivari Mononen Oy. These consolidated financial statements are available from its registered office, Rantakatu 25c, 80100 Joensuu, Finland.

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.

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.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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
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The patents were fully written down in the previous year.

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.

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 Leasehold	10% straight line basis
Plant and machinery	25% straight line basis

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.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

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.

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 publicly 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.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

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 payments 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.

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 transaction 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 FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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 in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

1.14 Leases

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

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 in the period are included in profit or loss.

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.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover analysed by class of business		
Pole sales	12,230,927	11,222,476

	2019 £	2018 £
Other significant revenue		
Interest income	572	-

	2019 £	2018 £
Turnover analysed by geographical market		
UK	12,230,927	11,222,476

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(79,717)	177,481
Fees payable to the company's auditor for the audit of the company's financial statements	16,656	14,095
Depreciation of owned tangible fixed assets	80,633	209,917
Amortisation of intangible assets	-	2
Operating lease charges	7,968	18,446

5 Employees

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

	2019 Number	2018 Number
Production	17	18
Management and administration	8	9
Total	25	27

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2019 £	2018 £
	Wages and salaries	954,197	1,028,279
6	Interest receivable and similar income		
		2019 £	2018 £
	Interest income		
	Interest on bank deposits	572	-
7	Interest payable and similar expenses		
		2019 £	2018 £
	Other interest	120	(301)
8	Taxation		
		2019 £	2018 £
	Current tax		
	UK corporation tax on profits for the current period	177,823	91,389
	Adjustments in respect of prior periods	(1,736)	1,800
	Total current tax	176,087	93,189
	Deferred tax		
	Origination and reversal of timing differences	10,032	32,904
	Total tax charge	186,119	126,093

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BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 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:

	2019 £	2018 £
Profit before taxation	916,894	268,274
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	174,210	50,972
Tax effect of expenses that are not deductible in determining taxable profit	8,070	13,147
Permanent capital allowances in excess of depreciation	3,839	29,070
Deferred tax adjustments in respect of prior years	-	32,904
Taxation charge for the year	186,119	126,093

9 Dividends

	2019 £	2018 £
Final paid	100,000	500,000

10 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Total £
Cost			
At 1 January 2019	377,000	3,386,975	3,763,975
Additions	-	65,072	65,072
At 31 December 2019	377,000	3,452,047	3,829,047
Depreciation and impairment			
At 1 January 2019	296,383	2,954,343	3,250,726
Depreciation charged in the year	21,129	59,504	80,633
At 31 December 2019	317,512	3,013,847	3,331,359
Carrying amount			
At 31 December 2019	59,488	438,200	497,688
At 31 December 2018	80,617	432,632	513,249

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Stocks

	2019 £	2018 £
Raw materials and consumables	2,344,976	3,360,057
Finished goods and goods for resale	-	184,027
	<u>2,344,976</u>	<u>3,544,084</u>

12 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	367,403	271,740
Amounts owed by group undertakings	2,842,323	-
Prepayments and accrued income	72,238	78,891
	<u>3,281,964</u>	<u>350,631</u>

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	821,176	462,919
Amounts owed to group undertakings	1,145,670	549,517
Corporation tax	177,823	91,389
Other taxation and social security	299,862	429,529
Other creditors	10,496	12,705
Accruals and deferred income	7,500	130,362
	<u>2,462,527</u>	<u>1,676,421</u>

14 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	15	210,071	160,071
		<u>42,936</u>	<u>32,904</u>
		<u>253,007</u>	<u>192,975</u>

The provision relates to potential land remediation work.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Provisions for liabilities

(Continued)

Movements on provisions apart from deferred tax liabilities:

	£
At 1 January 2019	160,071
Additional provisions in the year	50,000
At 31 December 2019	<u>210,071</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
ACAs	<u>42,936</u>	<u>32,904</u>
Movements in the year:		2019 £
Liability at 1 January 2019		32,904
Charge to profit or loss		10,032
Liability at 31 December 2019		<u>42,936</u>

16 Share capital

	2019 £	2018 £
Ordinary share capital issued and fully paid 2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Share capital

(Continued)

	2019 £	2018 £
Preference share capital issued and fully paid 500,000 Preference shares of £1 each	500,000	500,000
Preference shares classified as equity	500,000	500,000
Total equity share capital	500,002	500,002

17 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year	2,278,445	2,636,264
Profit for the year	730,775	142,181
Dividends declared and paid in the year	(100,000)	(500,000)
At the end of the year	2,909,220	2,278,445

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 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	
	2019	2018	2019	2018
	£	£	£	£
Entities with control, joint control or significant influence over the company	8,381,482	8,485,696	4,019,429	3,953,073
	<u>8,381,482</u>	<u>8,485,696</u>	<u>4,019,429</u>	<u>3,953,073</u>
	Services provided		Services purchased	
	2019	2018	2019	2018
	£	£	£	£
Entities with control, joint control or significant influence over the company	223,243	396,493	280,750	234,508
	<u>223,243</u>	<u>396,493</u>	<u>280,750</u>	<u>234,508</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2019	2018
	£	£
Entities with control, joint control or significant influence over the company	1,145,670	549,517
	<u>1,145,670</u>	<u>549,517</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed by related parties	
	2019		2018	
	Balance	Net	Balance	Net
	£	£	£	£
Entities with control, joint control or significant influence over the company	2,842,323	2,842,323	-	-
	<u>2,842,323</u>	<u>2,842,323</u>	<u>-</u>	<u>-</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Related party transactions

(Continued)

No guarantees have been given or received.

19 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:

	2019 £	2018 £
Within one year	25,425	21,053
Between two and five years	857,208	1,069,939
	<u>882,633</u>	<u>1,090,992</u>

20 Ultimate 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.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	730,775	142,181
Adjustments for:		
Taxation charged	186,119	126,093
Finance costs	120	(301)
Investment income	(572)	-
Amortisation and impairment of intangible assets	-	2
Depreciation and impairment of tangible fixed assets	80,833	209,917
Increase in provisions	50,000	50,000
Movements in working capital:		
Decrease/(increase) in stocks	1,199,108	(890,482)
(Increase)/decrease in debtors	(2,931,333)	1,386,538
Increase/(decrease) in creditors	699,672	(414,083)
Cash generated from operations	14,522	609,865

22 Analysis of changes in net funds

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	239,879	(239,751)	128

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