

Company Registration No. 03742928 (England and Wales)

# **UBH INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

## UBH INTERNATIONAL LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	Mr A McGonagle Mr J Isherwood Mr K Bragg Mr C R Horrocks Mr A J Goodbrand Mr D T Doyle Mr S A Wiltshire	(Appointed 26 January 2018) (Appointed 9 March 2018)
<b>Secretary</b>	Mr M J Lynch	
<b>Company number</b>	03742928	
<b>Registered office</b>	Orrell Lane Burscough Ormskirk L40 0SL	
<b>Auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP	
<b>Solicitors</b>	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG	

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## **UBH INTERNATIONAL LIMITED**

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## **UBH INTERNATIONAL LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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The directors present the strategic report for the year ended 30 September 2018.

#### **Fair review of the business**

The principal activity of the company during the year was the design and manufacture of transport tanks, tank containers and pressure vessels.

Our aim is to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year-end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

The company has experienced an extended period of low activity in oil exploration related sales, however order book and sales continue to improve as there is some recovery in this and the UBH traditional ISO tank market, and due to diversification in the road tanker market which is proving to be successful.

The company has experienced high costs in this and prior years acquiring know-how in the vacuum road tanker market and this is now being rewarded with repeat sales of these products.

#### **Principal risks and uncertainties**

The general business environment in which we operate is subject to intense global competition, and margins remain tight. We have mitigated this by diversifying into the primarily UK based vacuum operated waste tanker market, and seeking opportunities in the manufacture of static pressure vessels, whilst maintaining our existing capability in ISO tank and oil exploration related transport vessels.

In addition to entering new markets we continue to review operational efficiencies, monitor costs, and seek to increase sales efforts through the use of agents and additional internal engineering sales resource. We are, and will remain, subject to the demands of our current market and any new market we enter.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

#### **Key performance indicators**

The following key financial indicators are what we consider those best able to communicate the financial performance and strength of the company at the present. We consider that our key financial indicators are turnover and pre-tax profit along with retained profit.

The turnover and pre-tax profits of the company based on activities were as follows:

	<b>Y/e Sept 2018</b>	<b>Y/e Sept 2017</b>
Turnover	£6,382,546	£5,050,092
Pre-tax loss (PBIT)	(£1,461,321)	(£1,215,495)
Pre-tax margin as a % of sales	(22.90%)	(24.07%)

#### **Future developments**

The company continues to utilise and develop its know-how in a range of transport and storage pressure vessel applications and will continue to collaborate with industry experts to provide increasingly sophisticated products to service these markets in the coming years.

## **UBH INTERNATIONAL LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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#### **Other information and explanations**

Despite experiencing a very difficult trading period, the company is well placed with respect to its engineering expertise and its position and reputation in the marketplace.

However, due to trading losses incurred in this and prior years, the company has a working capital requirement above its available cash and has therefore developed a plan to sell and leaseback property assets to release cash into the business. Due to current market conditions for industrial land and buildings, and other terms expected to be part of a sale and leaseback deal, the value of the company's property has been adjusted in these accounts to the expected sale value which has been arrived at on the basis of a recent valuation.

The sale and leaseback was completed in March 2019 with the company's majority shareholder who as part of the deal have purchased the company's land and buildings, and redeemed their shareholding entirely. The net cash received from the property sale will be used to fund working capital as the company continues its recovery and return to profitable operating.

On behalf of the board

**Mr A J Goodbrand**  
**Director**

16 May 2019

## **UBH INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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The directors present their annual report and financial statements for the year ended 30 September 2018.

#### **Principal activities**

The principal activity of the company continued to be that of the design and manufacture of transport tanks, tank containers and pressure vessels.

#### **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 McGonagle	
Mr P T Harding	(Resigned 30 November 2018)
Mr J Isherwood	
Mr K Bragg	
Mr M Himbury	(Resigned 9 March 2018)
Mr S Hargreaves	(Resigned 23 November 2017)
Partnership Directors Limited	(Resigned 15 March 2019)
Mr C R Horrocks	
Mr A J Goodbrand	
Mr D T Doyle	(Appointed 26 January 2018)
Mr S A Wiltshire	(Appointed 9 March 2018)

#### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The holder of the redeemable preferred ordinary shares is entitled, in priority to any holders of the ordinary shares of the company, to a preferential participating dividend. There is a dividend due, but not paid, relating to the year ended 30 September 2017 of £51,983. This is due to be settled as part of the post year end transaction with the shareholder (see note 25), and the shareholder agreed to waive the dividend relating to the year ended 30 September 2018.

#### **Auditor**

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **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.

#### **Financial risk management objectives and policies**

The Board of Directors takes responsibility for monitoring financial risk management. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board.

The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

**UBH INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**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 future developments.

On behalf of the board

**Mr A J Goodbrand**  
**Director**

16 May 2019

## **UBH INTERNATIONAL LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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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.



## **UBH INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF UBH INTERNATIONAL LIMITED**

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#### **Opinion**

We have audited the financial statements of UBH International Limited (the 'company') for the year ended 30 September 2018 which comprise 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 30 September 2018 and of its loss 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.

## **UBH INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF UBH INTERNATIONAL LIMITED**

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##### **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.

##### **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.

## **UBH INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF UBH INTERNATIONAL LIMITED**

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##### **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.

**Virginia Cooper (Senior Statutory Auditor)**  
**for and on behalf of MHA Moore and Smalley**  
**Chartered Accountants**  
**Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

23 May 2019

# UBH INTERNATIONAL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	2017 £
<b>Turnover</b>	<b>3</b>	6,382,546	5,050,092
Cost of sales		(4,479,845)	(3,686,698)
<b>Gross profit</b>		<u>1,902,701</u>	<u>1,363,394</u>
Distribution costs		(26,799)	(24,304)
Administrative expenses		(2,790,455)	(2,554,585)
Other operating income		22,863	-
Impairment of land and buildings	<b>4</b>	(569,631)	-
<b>Operating loss</b>	<b>5</b>	<u>(1,461,321)</u>	<u>(1,215,495)</u>
Interest receivable and similar income	<b>8</b>	-	1,741
Interest payable and similar expenses	<b>9</b>	(7,102)	(500)
<b>Loss before taxation</b>		<u>(1,468,423)</u>	<u>(1,214,254)</u>
Tax on loss	<b>10</b>	(401)	27,112
<b>Loss for the financial year</b>		<u><u>(1,468,824)</u></u>	<u><u>(1,187,142)</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# UBH INTERNATIONAL LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Intangible assets	13		35,000		40,000
Tangible assets	14		2,403,534		3,063,877
Investments	15		2		2
			<u>2,438,536</u>		<u>3,103,879</u>
<b>Current assets</b>					
Stocks	17	900,886		1,508,109	
Debtors	18	1,433,392		2,092,916	
Cash at bank and in hand		10,795		10,512	
		<u>2,345,073</u>		<u>3,611,537</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(1,553,331)</u>		<u>(2,016,314)</u>	
<b>Net current assets</b>			<u>791,742</u>		<u>1,595,223</u>
<b>Total assets less current liabilities</b>			<u><u>3,230,278</u></u>		<u><u>4,699,102</u></u>
<b>Capital and reserves</b>					
Called up share capital	22		883,839		883,839
Share premium account			570,000		570,000
Capital redemption reserve			141,161		141,161
Other reserves	23		(404,276)		(404,276)
Profit and loss reserves			<u>2,039,554</u>		<u>3,508,378</u>
<b>Total equity</b>			<u><u>3,230,278</u></u>		<u><u>4,699,102</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 May 2019 and are signed on its behalf by:

Mr K Bragg  
Director

Mr A J Goodbrand  
Director

Company Registration No. 03742928

# UBH INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>Balance at 1 October 2016</b>	883,839	570,000	141,161	(404,276)	4,771,003	5,961,727
<b>Year ended 30 September 2017:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(1,187,142)	(1,187,142)
Dividends	11	-	-	-	(75,483)	(75,483)
<b>Balance at 30 September 2017</b>	883,839	570,000	141,161	(404,276)	3,508,378	4,699,102
<b>Year ended 30 September 2018:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(1,468,824)	(1,468,824)
<b>Balance at 30 September 2018</b>	883,839	570,000	141,161	(404,276)	2,039,554	3,230,278

# UBH INTERNATIONAL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	27	(217,832)		(1,147,336)	
Interest paid		(7,102)		(500)	
Income taxes (paid)/refunded		(141)		181,952	
<b>Net cash outflow from operating activities</b>		<b>(225,075)</b>		<b>(965,884)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		-		(100,000)	
Purchase of tangible fixed assets		(11,540)		(245,982)	
Proceeds on disposal of tangible fixed assets		-		6,000	
Interest received		-		1,741	
<b>Net cash used in investing activities</b>		<b>(11,540)</b>		<b>(338,241)</b>	
<b>Financing activities</b>					
Dividends paid		-		(80,294)	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>(80,294)</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(236,615)</b>		<b>(1,384,419)</b>	
Cash and cash equivalents at beginning of year		(30,519)		1,353,900	
<b>Cash and cash equivalents at end of year</b>		<b>(267,134)</b>		<b>(30,519)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		10,795		10,512	
Bank overdrafts included in creditors payable within one year		(277,929)		(41,031)	

# **UBH INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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#### **1 Accounting policies**

##### **Company information**

UBH International Limited is a private company limited by shares incorporated in England and Wales. The registered office is Orrell Lane, Burscough, Ormskirk, L40 0SL.

##### **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 company is exempt from the requirement to prepare group accounts by virtue of section 405 of the Companies Act 2006 as its subsidiary can be excluded from consolidation in Companies Act group accounts as it is immaterial. The financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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.

##### **1.2 Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 2. The financial position of the company, its cash flows and liquidity position are presented on page 10 and page 12.

The directors have prepared forecasts for a period of twelve months from the date of signing these financial statements. These forecasts demonstrate the company has sufficient cash resources and has a level of headroom which the directors believe is sufficient to continue to trade for at least the next twelve months. In addition the company continues to reflect an overall net assets position.

Therefore the directors have an expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Thus they continue to consider it appropriate to adopt the going concern basis in preparing these 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.

Amounts in respect of contracts included in turnover, net payments of received on account, are shown in debtors as amounts recoverable on contracts. Cash received in excess of the value of work done is shown in creditors as payments on account. An appropriate proportion of the anticipated contract profit is recognised in the profit and loss account based on the stage of completion of the work and the expected end of life outcome. Provision is made for anticipated contract losses. Pre-contract costs incurred before it is virtually certain of contract award, costs are held as amounts recoverable on contracts and form part of the accounting for the contract as a whole.



## UBH INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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.

The company has two key sources of revenue:

##### **Manufacture of tank containers**

Each tank container is made to bespoke customer requirements under a contract. The turnover relating to the sale of these goods is recognised by the company according to the stage of completion of the manufacturing of the goods.

##### **Commissions and royalties**

The company has granted licences to companies allowing them to manufacture certain bespoke containers based on UBH designs. The commissions and royalties received from this activity are accounted for on a receivable basis.

#### 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.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Intellectual Property	10 years
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#### 1.5 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 of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	0% on land, 2% on buildings and 10% on property improvements
Plant and machinery	Long life assets 25 years. Other plant 3-20 years.
Fixtures & fittings	10-33% p.a. straight line
Motor vehicles	25% p.a. straight line

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

#### 1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

## UBH INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 1 Accounting policies

(Continued)

##### 1.7 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.

##### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items. 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.

##### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.10 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**

All the company's financial assets fall to be classed as basic financial assets and the company therefore has no other financial assets.

## UBH INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

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

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, 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.

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 forward foreign exchange contracts, are not basic financial instruments. If material, 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.

##### ***Derecognition of financial liabilities***

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

#### 1.11 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.

#### 1.12 Taxation

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

## UBH INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- 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 differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **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.

##### **1.14 Retirement benefits**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

##### **1.15 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.

## **UBH INTERNATIONAL LIMITED**

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

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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## **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.

### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Impairment of tangible fixed assets and stock***

At the end of the reporting period, management undertake an assessment of the net book values of tangible fixed assets and stock, based upon their knowledge of the customers and expected net realisable values. Where necessary, an impairment is recognised in the profit and loss account.

The actual net realisable value may differ from the estimated level of recovery.

#### ***Impairment of trade debtors***

At each balance sheet date, management undertake an assessment of the recoverability of trade debtors based upon their knowledge of the customers, ageing of the balances outstanding and previous write off history. Where necessary, an impairment is recorded as a doubtful debt.

The actual level of debt collected may differ from the estimated level of recovery.

### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Amounts recoverable on contracts***

At each balance sheet date, management review each contract individually based on the total contract value, the amounts invoiced up to the year end, the costs incurred up to the year end and the expected post year end costs to complete the contract.

Based upon the above information, management will estimate the expected profit on a contract and will include an element of profit on the contract at the year end by reference to the stage of completion of each contract at the balance sheet date.

The actual profit arising on a contract may differ from the estimate of profit at each balance sheet date.

#### ***Useful economic life of intangible and tangible fixed assets***

The useful economic life and expected residual value of intangible and tangible fixed assets is assessed at the point of purchase. This is reviewed at the end of the reporting period, in conjunction with the impairment review, to determine whether the estimates are still appropriate.

**UBH INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 SEPTEMBER 2018****3 Turnover and other revenue**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	1,614,344	2,330,315
Europe	1,311,610	695,750
Rest of the world	3,456,592	2,024,027
	<u>6,382,546</u>	<u>5,050,092</u>

**4 Exceptional costs**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Impairment of land and buildings	569,631	-
	<u>569,631</u>	<u>-</u>

The company sold its freehold property post year end for £2m, as part of a sale and leaseback transaction. The impairment loss represents the excess net book value over sale proceeds.

**5 Operating loss**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	10,500	10,500
Depreciation of owned tangible fixed assets	102,252	102,063
Impairment of owned tangible fixed assets	569,631	-
Profit on disposal of tangible fixed assets	-	(6,000)
Amortisation of intangible assets	5,000	5,000
Impairment of intangible assets	-	100,000
Operating lease charges	18,627	21,159
	<u>18,627</u>	<u>21,159</u>

**6 Employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Production	61	56
Sales	1	1
Administration	19	17
	<u>81</u>	<u>74</u>

# UBH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,580,920	2,052,303
Social security costs	215,603	195,398
Pension costs	86,340	61,326
	<u>2,882,863</u>	<u>2,309,027</u>

### 7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	447,564	411,975
Company pension contributions to defined contribution schemes	16,376	12,941
	<u>463,940</u>	<u>424,916</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 9 (2017 - 7).

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

	2018 £	2017 £
Remuneration for qualifying services	80,350	81,458
Company pension contributions to defined contribution schemes	3,234	2,449
	<u>83,584</u>	<u>83,907</u>

### 8 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	-	21
Other interest income	-	1,720
	<u>-</u>	<u>1,741</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	21
	<u>-</u>	<u>21</u>

# UBH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 9 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	7,102	500

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(11,943)
Foreign current tax on profits for the current period	401	2,790
Total current tax	401	(9,153)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(22,051)
Changes in tax rates	-	(2,594)
Adjustment in respect of prior periods	-	6,686
Total deferred tax	-	(17,959)
Total tax charge/(credit)	401	(27,112)

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

	2018 £	2017 £
Loss before taxation	(1,468,423)	(1,214,254)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	(279,000)	(236,780)
Tax effect of expenses that are not deductible in determining taxable profit	114,195	76
Unutilised tax losses carried forward	164,805	211,954
Adjustments in respect of prior years	-	(5,257)
Effect of change in corporation tax rate	-	649
Effect of overseas taxes	401	2,246
Taxation charge/(credit) for the year	401	(27,112)



# UBH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 11 Dividends

	2018 £	2017 £
Final paid	-	75,483

Preference dividends in arrears total £51,983 (2017 - £51,983).

#### 12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2018 £	2017 £
In respect of:			
Intangible assets	13	-	100,000
Recognised in:			
Administrative expenses		-	100,000

#### Intangible assets

Further payments were made in respect of intellectual property during the previous year. As part of the agreement the company obtained a number of tank orders, therefore the directors judged that part of the intangible asset was realised last year.

#### 13 Intangible fixed assets

	Intellectual Property £
<b>Cost</b>	
At 1 October 2017 and 30 September 2018	470,470
<b>Amortisation and impairment</b>	
At 1 October 2017	430,470
Amortisation charged for the year	5,000
At 30 September 2018	435,470
<b>Carrying amount</b>	
At 30 September 2018	35,000
At 30 September 2017	40,000

# UBH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 14 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 October 2017	2,749,742	1,830,280	131,110	43,633	4,754,765
Additions	-	11,540	-	-	11,540
At 30 September 2018	2,749,742	1,841,820	131,110	43,633	4,766,305
<b>Depreciation and impairment</b>					
At 1 October 2017	148,035	1,409,409	119,239	14,205	1,690,888
Depreciation charged in the year	32,076	57,047	4,722	8,407	102,252
Impairment losses	569,631	-	-	-	569,631
At 30 September 2018	749,742	1,466,456	123,961	22,612	2,362,771
<b>Carrying amount</b>					
At 30 September 2018	2,000,000	375,364	7,149	21,021	2,403,534
At 30 September 2017	2,601,707	420,871	11,871	29,428	3,063,877

The value of freehold land and buildings has been proportionally used to secure the bank facilities. The company is not allowed to pledge these assets as security for other borrowings or to sell them, without the prior consent of the bank.

More information on impairment movements in the year is given in note 12.

### 15 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	16	2	2

### 16 Subsidiaries

Details of the company's subsidiaries at 30 September 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
UBH (EBT) Limited	England & Wales	Dormant	Ordinary	100.00	-

# UBH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 17 Stocks

	2018 £	2017 £
Raw materials and consumables	799,482	1,386,267
Work in progress	69,716	79,654
Finished goods and goods for resale	31,688	42,188
	<u>900,886</u>	<u>1,508,109</u>

### 18 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	547,817	821,875
Gross amounts owed by contract customers	339,610	1,067,388
Corporation tax recoverable	-	260
Other debtors	53,077	55,924
Prepayments and accrued income	492,888	147,469
	<u>1,433,392</u>	<u>2,092,916</u>

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

	Notes	2018 £	2017 £
Bank loans and overdrafts	20	277,929	41,031
Payments received on account		368,618	694,055
Trade creditors		598,550	862,907
Taxation and social security		80,672	89,069
Dividends payable		51,983	51,983
Other creditors		64,154	62,573
Accruals and deferred income		111,425	214,696
		<u>1,553,331</u>	<u>2,016,314</u>

### 20 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	<u>277,929</u>	<u>41,031</u>
Payable within one year	<u>277,929</u>	<u>41,031</u>

The overdraft is secured by fixed charges over freehold land and buildings owned by the company.

## UBH INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 21 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	86,340	61,326

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 22 Share capital

	2018	2017
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
858,838 Ordinary shares of £1 each	858,838	858,838
1 Redeemable preferred ordinary shares of £1 each	1	1
25,000 Non-voting ordinary shares of £1 each	25,000	25,000
	<u>883,839</u>	<u>883,839</u>

The holder of the redeemable preferred ordinary share is entitled to receive, in priority to any rights of the holders of any other shares, a preferential participating dividend.

The holder of the non-voting ordinary shares shall have no rights to vote at any General Meeting of the Company whether on a show of hands or on a poll or ballot, but shall be entitled to vote at any separate meeting called in respect of the non-voting ordinary shares as a class. The holder of the non-voting ordinary shares shall have no right to attend any general meeting of the Company, but shall have the right to attend or be represented by proxy at any separate meeting of the holders of the non-voting ordinary shares as a class. The holders of the non-voting ordinary shares shall also have a right to request the Board to permit attendance at a general meeting of the Company and such request shall be approved or denied in the absolute discretion of the Board.

All other rights rank pari passu with the other ordinary shares in issue.

#### 23 Other reserves

Other reserves represents an investment in own shares. This relates to shares held by an Employee Benefit Trust (EBT) set up by the company. The subsidiary UBH (EBT) Limited, was established as a corporate trustee for the purpose of the employee share scheme.

At the year end the EBT held 170,206 (2017: 170,206) shares in the company. In accordance with FRS 102 Section 9, the investment in own shares is shown as a deduction from equity.

## UBH INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 24 Operating lease commitments

##### Lessee

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:

	2018 £	2017 £
Within one year	14,020	9,277
Between two and five years	12,901	16,207
	<u>26,921</u>	<u>25,484</u>

#### 25 Events after the reporting date

On 17 December 2018 a special resolution was passed for the company to sell its land and buildings to Baxi Partnership Limited at an agreed valuation with a lease-back with a 1-year rent free period and a second year at a discounted rate, and an option to repurchase the property in the future. As part of the sale, Baxi Partnership have also agreed to take over the existing ESS bank guarantee.

In addition, it was resolved that the company buyback its share capital held by Baxi Partnership Limited (being 499,999 ordinary shares of £1 each and 1 preferred share of £1) at an agreed price of up to £2 per share.

This will remove any future obligation to pay to pay the annual preference dividend and provide £1m of cash for working capital.

#### 26 Analysis of changes in net debt

	1 October 2017 £	Cash flows £	30 September 2018 £
Cash at bank and in hand	10,512	283	10,795
Bank overdrafts	(41,031)	(236,898)	(277,929)
	<u>(30,519)</u>	<u>(236,615)</u>	<u>(267,134)</u>

**UBH INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018****27 Cash generated from operations**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Loss for the year after tax	(1,468,824)	(1,187,142)
<b>Adjustments for:</b>		
Taxation charged/(credited)	401	(27,112)
Finance costs	7,102	500
Investment income	-	(1,741)
Gain on disposal of tangible fixed assets	-	(6,000)
Amortisation and impairment of intangible assets	5,000	105,000
Depreciation and impairment of tangible fixed assets	671,883	102,063
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	607,223	(595,748)
Decrease/(increase) in debtors	656,417	(507,360)
(Decrease)/increase in creditors	(697,034)	970,204
<b>Cash absorbed by operations</b>	<b>(217,832)</b>	<b>(1,147,336)</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.