

TBS Investments Limited
Consolidated Financial Statements
For the Year Ended
31 March 2017



BEEVER AND STRUTHERS
Chartered accountant & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

TBS Investments Limited
Consolidated Financial Statements
Year Ended 31 March 2017

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TBS Investments Limited

Officers and Professional Advisers

The Board of Directors

B G Benson
P R C Nowell
S C Welsh
J M O'Donnell
B Lloyd

Registered Office

Martens Road
Northbank Estate
Irlam
Manchester
M44 5AX

Auditor

Beever and Struthers
Chartered accountant & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Bankers

Barclays Bank Plc
1 Marsden Street
Manchester
M2 1HW

TBS Investments Limited

Strategic Report

Year Ended 31 March 2017

Principal Activities

The principal activities of the group in the period under review were those of specialist laminate fabricators and postformers, including the design, manufacture, supply and installation of laminated and associated products for use in washroom and other applications.

Business Review

The directors are pleased with the results for the period.

Turnover for the year amounted to £9,410,184, (2016: £8,965,917) and the net surplus, post taxation, showed an increase to £109,480 from £41,985.

Following the acquisition of a controlling interest in ABP-TBS Partnership Limited in 2014/15, and the changes made in the Group's operation since then, the Directors are delighted with the progress made during 2016/17.

The Group now has a strong management team, and further investment in modern and efficient plant & machinery has taken place. Efforts continue with a view to maintaining operational efficiencies, and to augmenting the group's position as one of the leading players in the construction and refurbishment markets.

The excellent relationships with clients and suppliers, and the team of loyal and hardworking employees have assisted in maintaining the group's outstanding reputation for high quality product and service, and these factors auger well for further growth in the future.

The Directors, and all involved in the group, will continue to strive to achieve improvements in all aspects of the group's operation, and to increase market share in what is likely to be a challenging environment over the next twelve months. We therefore look forward to providing our clients with attractive opportunities over our range of products in the commercial, leisure, education and healthcare markets in 2017/18 and thereafter, and we are confident that there are excellent prospects for a a successful and profitable future.

Financial Risk Management Policies and Objectives

The principal risks facing the group are the level of activity in the construction industry generally, the amount of competition in the particular business sector, and the overall indebtedness. The group enjoys an excellent reputation for both quality and service, and has made significant improvements in operations, funding and marketing in recent times. The directors therefore believe that the financial risks and uncertainties are under control, and are not excessive with regard to the status of the business.

This report was approved by the board of directors on 7 September 2017 and signed on behalf of the board by:



J M O'Donnell
Director

Registered office:
Martens Road
Northbank Estate
Irlam
Manchester
M44 5AX

TBS Investments Limited

Directors' Report

Year Ended 31 March 2017

The directors present their report and the consolidated financial statements of the group for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

B G Benson
P R C Nowell
S C Welsh
J M O'Donnell
B Lloyd

Dividends

The directors do not recommend the payment of a dividend.

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated 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 consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the consolidated 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 consolidated 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.

TBS Investments Limited

Directors' Report *(continued)*

Year Ended 31 March 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

A resolution to reappoint Beever and Struthers as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors on 7 September 2017 and signed on behalf of the board by:



J M O'Donnell
Director

Registered office:
Martens Road
Northbank Estate
Irlam
Manchester
M44 5AX

TBS Investments Limited

Independent Auditor's Report to the Members of TBS Investments Limited

Year Ended 31 March 2017

We have audited the consolidated financial statements of TBS Investments Limited for the year ended 31 March 2017, on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective Responsibilities of Directors and Auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Consolidated Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Consolidated Financial Statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 3 in the financial statements which states the accounts have been prepared on a going concern basis, the validity of which depends upon the ability of the subsidiary company to meet its obligations.

TBS Investments Limited

Independent Auditor's Report to the Members of TBS Investments Limited *(continued)*

Year Ended 31 March 2017

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on Which We are Required to Report by Exception

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

We have nothing to report in respect of the following matters 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 the returns; or
- certain disclosures of directors remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.

IAIN ROUND (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountant & statutory auditor

St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

7 September 2017

Beever and Struthers

TBS Investments Limited
Consolidated Statement of Comprehensive Income
Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	9,410,184	8,965,917
Cost of sales		<u>6,393,813</u>	<u>6,410,110</u>
Gross profit		3,016,371	2,555,807
Distribution costs		463,282	472,563
Administrative expenses		2,382,840	2,263,185
Other operating income	5	<u>50,000</u>	<u>282,608</u>
Operating profit	6	220,249	102,667
Interest payable and similar expenses	10	<u>48,549</u>	<u>41,411</u>
Profit before taxation		171,700	61,256
Tax on profit	11	<u>62,220</u>	<u>19,271</u>
Profit for the financial year and total comprehensive income		<u>109,480</u>	<u>41,985</u>

All the activities of the group are from continuing operations.

The notes on pages 13 to 26 form part of these consolidated financial statements.

TBS Investments Limited
Consolidated Statement of Financial Position
31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	251,820	287,820
Tangible assets	13	<u>272,841</u>	<u>201,175</u>
		524,661	488,995
Current assets			
Stocks	15	1,086,744	915,395
Debtors	16	2,208,689	2,335,958
Cash at bank and in hand		<u>8,349</u>	<u>34,235</u>
		3,303,782	3,285,588
Creditors: amounts falling due within one year	18	<u>3,034,023</u>	<u>2,679,043</u>
Net current assets		<u>269,759</u>	<u>606,545</u>
Total assets less current liabilities		794,420	1,095,540
Creditors: amounts falling due after more than one year	19	267,644	717,019
Provisions			
Taxation including deferred tax	21	<u>38,775</u>	<u>—</u>
Net assets		<u>488,001</u>	<u>378,521</u>
Capital and reserves			
Called up share capital	24	100	100
Profit and loss account	25	<u>487,901</u>	<u>378,421</u>
Members funds		<u>488,001</u>	<u>378,521</u>

These consolidated financial statements were approved by the board of directors and authorised for issue on 7 September 2017, and are signed on behalf of the board by:



B G Benson
Director

Company registration number: 09044923


TBS Investments Limited
Company Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	14	33	33
Current assets			
Debtors	16	100	100
Cash at bank and in hand		<u>515</u>	<u>515</u>
		615	615
Creditors: amounts falling due within one year	18	<u>33,104</u>	<u>33,104</u>
Net current liabilities		<u>32,489</u>	<u>32,489</u>
Total assets less current liabilities		<u>(32,456)</u>	<u>(32,456)</u>
Net liabilities		<u>(32,456)</u>	<u>(32,456)</u>
Capital and reserves			
Called up share capital	24	100	100
Profit and loss account	25	<u>(32,556)</u>	<u>(32,556)</u>
Members deficit		<u>(32,456)</u>	<u>(32,456)</u>

The profit for the financial year of the parent company was £Nil (2016: £Nil).

These consolidated financial statements were approved by the board of directors and authorised for issue on 7 September 2017, and are signed on behalf of the board by:



B G Benson
Director

Company registration number: 09044923

TBS Investments Limited
Consolidated Statement of Changes in Equity
Year Ended 31 March 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2015	100	336,436	336,536
Profit for the year	—	41,985	41,985
Total comprehensive income for the year	—	41,985	41,985
At 31 March 2016	100	378,421	378,521
Profit for the year	—	109,480	109,480
Total comprehensive income for the year	—	109,480	109,480
At 31 March 2017	<u>100</u>	<u>487,901</u>	<u>488,001</u>

The notes on pages 13 to 26 form part of these consolidated financial statements.

TBS Investments Limited
Company Statement of Changes in Equity
Year Ended 31 March 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2015	100	(32,556)	(32,456)
Profit for the year		–	–
At 31 March 2016	100	(32,556)	(32,456)
Profit for the year		–	–
At 31 March 2017	<u>100</u>	<u>(32,556)</u>	<u>(32,456)</u>

The notes on pages 13 to 26 form part of these consolidated financial statements.

TBS Investments Limited
Consolidated Statement of Cash Flows
Year Ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		109,480	41,985
<i>Adjustments for:</i>			
Depreciation of tangible assets		76,241	53,682
Amortisation of intangible assets		36,000	36,000
Interest payable and similar expenses		48,549	41,411
Loss on disposal of tangible assets		–	1,975
Tax on profit		62,220	19,271
Accrued (income)/expenses		(51,053)	63,369
<i>Changes in:</i>			
Stocks		(171,349)	100,774
Trade and other debtors		106,794	(286,940)
Trade and other creditors		(104,648)	(523,916)
Cash generated from operations		112,234	(452,389)
Interest paid		(48,549)	(41,411)
Tax paid		(163)	–
Net cash from/(used in) operating activities		<u>63,522</u>	<u>(493,800)</u>
Cash flows from investing activities			
Purchase of tangible assets		(25,303)	(60,647)
Proceeds from sale of tangible assets		–	800
Net cash used in investing activities		<u>(25,303)</u>	<u>(59,847)</u>
Cash flows from financing activities			
Payments of finance lease liabilities		(56,745)	(17,449)
Net cash used in financing activities		<u>(56,745)</u>	<u>(17,449)</u>
Net decrease in cash and cash equivalents		(18,526)	(571,096)
Cash and cash equivalents at beginning of year		(672,888)	(101,792)
Cash and cash equivalents at end of year	17	<u>(691,414)</u>	<u>(672,888)</u>

The notes on pages 13 to 26 form part of these consolidated financial statements.

TBS Investments Limited

Notes to the Consolidated Financial Statements

Year Ended 31 March 2017

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Martens Road, Northbank Estate, Irlam, Manchester, M44 5AX.

2. Statement of Compliance

These consolidated financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

The accounts have been prepared in accordance with applicable accounting standards and on the going concern basis which assumes that the group and its subsidiaries will continue in operational existence for the foreseeable future. If the subsidiaries were unable to continue trading then certain adjustments would have to be made to restate assets to their recoverable amounts, to provide for future liabilities which may arise and to reclassify long term assets and liabilities as current.

The validity of this assumption with regard to TBS Fabrications Limited, a 100% subsidiary of ABP-TBS Partnership Limited, and its 100% subsidiary TBS Contracts Limited, depends on that company being able to fulfill its obligations under the Company Voluntary Arrangement of 10th July 2014.

The validity of this assumption with regard to Architectural & Building Products Limited, a 100% subsidiary of ABP-TBS Partnership Limited, and its 100% subsidiaries ABP Contracts Limited and ABP-Integra Limited, depends on the continued support of the company's bank and other group companies.

Disclosure Exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

3. Accounting Policies *(continued)*

Consolidation

The consolidated accounts incorporate the accounts of the company and group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. On 3 June 2014, the company acquired ABP-TBS Partnership Limited and the negative goodwill arising on consolidation was included in the profit and loss account for the period ended 31 March 2015.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 408 of the Companies Act 2006.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Determination of whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.
- Determination of whether a provision against stock is considered necessary.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

3. Accounting Policies *(continued)*

Revenue Recognition

Turnover comprises the value of income due for the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Goodwill

On 3 June 2014, the company acquired 100% of the issued share capital of ABP-TBS Partnership Limited. The negative goodwill arising on the acquisition is included in the retained profit and loss account. The positive goodwill arising on previous acquisitions made by ABP-TBS Partnership Limited has been classified as an asset. Prior to the acquisition by TBS Investments Limited, the asset was being amortised over an estimated economic life of 20 years. During the period ended 31 March 2015, this estimate was reviewed by the directors and extended to 24 years, on the grounds that the measures taken during the period have increased the durability of the businesses concerned.

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

3. Accounting Policies *(continued)*

Intangible Assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Over 24 years
Licences	-	20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	-	15% straight line
Fixtures, fittings and other equipment	-	10% straight line
Motor vehicles	-	17% straight line
Equipment	-	25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

3. Accounting Policies *(continued)*

Impairment of Fixed Assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

3. Accounting Policies *(continued)*

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debtors

Amounts owed by group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received. All other debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Amounts owed to group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid. All other creditors are measured at transaction price.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Rendering of services	<u>9,410,184</u>	<u>8,965,917</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

5. Other Operating Income

	2017	2016
	£	£
Rental income	–	3,908
Loan forgiven	50,000	278,700
	<u>50,000</u>	<u>282,608</u>

6. Operating Profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Amortisation of intangible assets	36,000	36,000
Depreciation of tangible assets	76,241	53,682
Loss on disposal of tangible assets	–	1,975
Cost of stocks recognised as an expense	4,052,677	4,083,586
Impairment of trade debtors	8,930	20,602
Operating lease rentals	<u>73,508</u>	<u>67,902</u>

7. Auditor's Remuneration

	2017	2016
	£	£
Fees payable for the audit of the consolidated financial statements	<u>21,500</u>	<u>22,100</u>

8. Staff Costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Number of staff	<u>87</u>	<u>90</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	2,096,645	1,993,539
Social security costs	184,335	173,754
Other pension costs	17,737	17,753
	<u>2,298,717</u>	<u>2,185,046</u>

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

9. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	118,193	102,618
Company contributions to defined contribution pension plans	4,500	6,000
	<u>122,693</u>	<u>108,618</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

10. Interest Payable and Similar Expenses

	2017	2016
	£	£
Interest on obligations under finance leases and hire purchase contracts	10,383	4,456
Other interest payable and similar charges	38,166	36,955
	<u>48,549</u>	<u>41,411</u>

11. Tax on Profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	2,970	—
Deferred tax:		
Origination and reversal of timing differences	59,250	19,271
Tax on profit	<u>62,220</u>	<u>19,271</u>

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

11. Tax on Profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>171,700</u>	<u>61,256</u>
Profit on ordinary activities by rate of tax	34,340	12,251
Effect of expenses not deductible for tax purposes	1,009	825
Effect of capital allowances and depreciation	28,621	3,263
Utilisation of tax losses	<u>(1,750)</u>	<u>2,932</u>
Tax on profit	<u>62,220</u>	<u>19,271</u>

12. Intangible Assets

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 April 2016 and 31 March 2017	<u>1,346,119</u>	<u>12,000</u>	<u>1,358,119</u>
Amortisation			
At 1 April 2016	1,058,299	12,000	1,070,299
Charge for the year	<u>36,000</u>	<u>–</u>	<u>36,000</u>
At 31 March 2017	<u>1,094,299</u>	<u>12,000</u>	<u>1,106,299</u>
Carrying amount			
At 31 March 2017	<u>251,820</u>	<u>–</u>	<u>251,820</u>
At 31 March 2016	<u>287,820</u>	<u>–</u>	<u>287,820</u>

The company has no intangible assets.

TBS Investments Limited

Notes to the Consolidated Financial Statements (continued)

Year Ended 31 March 2017

13. Tangible Assets

Group	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 April 2016	800,956	61,494	48,789	94,425	1,005,664
Additions	101,857	1,279	27,723	17,048	147,907
Disposals	—	—	—	(8,419)	(8,419)
At 31 March 2017	902,813	62,773	76,512	103,054	1,145,152
Depreciation					
At 1 April 2016	655,724	56,397	34,644	57,724	804,489
Charge for the year	52,642	1,242	5,562	16,795	76,241
Disposals	—	—	—	(8,419)	(8,419)
At 31 March 2017	708,366	57,639	40,206	66,100	872,311
Carrying amount					
At 31 March 2017	194,447	5,134	36,306	36,954	272,841
At 31 March 2016	145,232	5,097	14,145	36,701	201,175

The company has no tangible assets.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Plant and machinery £	Motor vehicles £	Total £
At 31 March 2017	164,864	36,303	201,167
At 31 March 2016	101,639	14,144	115,783
Company			
	Plant and machinery £	Motor vehicles £	Total £
At 31 March 2017	—	—	—
At 31 March 2016	101,639	14,144	115,783

14. Investments

Group	Shares in group undertakings £
Cost	
At 1 April 2016 and 31 March 2017	—
Impairment	
At 1 April 2016 and 31 March 2017	—

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

14. Investments *(continued)*

Group	Shares in group undertakings £
Carrying amount At 1 April 2016 and 31 March 2017	—
Company	Shares in group undertakings £
Cost At 1 April 2016 and 31 March 2017	33
Impairment At 1 April 2016 and 31 March 2017	—
Carrying amount At 1 April 2016 and 31 March 2017	33

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
ABP-TBS Partnership Limited	Ordinary	100
TBS Fabrications Limited	Ordinary	100
Architectural & Building Products Limited	Ordinary	100
ABP Contracts Limited	Ordinary	100
TBS Contracts Limited	Ordinary	100
ABP-Integra Limited	Ordinary	100

15. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	533,042	509,472	—	—
Work in progress	553,702	405,923	—	—
	<u>1,086,744</u>	<u>915,395</u>	<u>—</u>	<u>—</u>

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

16. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,872,975	1,960,452	—	—
Deferred tax asset	165,810	186,285	—	—
Called up share capital not paid	100	100	100	100
Prepayments and accrued income	154,345	153,216	—	—
Other debtors	15,459	35,905	—	—
	<u>2,208,689</u>	<u>2,335,958</u>	<u>100</u>	<u>100</u>

17. Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	2017	2016
	£	£
Cash at bank and in hand	8,349	34,235
Finance facility	<u>(699,763)</u>	<u>(707,123)</u>
	<u>(691,414)</u>	<u>(672,888)</u>

18. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Finance facility	699,763	707,123	—	—
Trade creditors	1,404,487	1,047,772	—	—
Amounts owed to group undertakings	—	—	33,071	33,071
Accruals and deferred income	181,839	232,892	33	33
Corporation tax	2,807	—	—	—
Social security and other taxes	247,965	190,692	—	—
Obligations under finance leases and hire purchase contracts	45,227	22,025	—	—
Other creditors	451,935	478,539	—	—
	<u>3,034,023</u>	<u>2,679,043</u>	<u>33,104</u>	<u>33,104</u>

The finance facility is secured by a debenture over all the group's assets.

The hire purchase creditor is secured on the assets to which it relates.

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Obligations under finance leases and hire purchase contracts	111,383	68,726	—	—
Other creditors	156,261	648,293	—	—
	<u>267,644</u>	<u>717,019</u>	<u>—</u>	<u>—</u>

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

The hire purchase creditor is secured on the assets to which it relates.

20. Finance Leases and Hire Purchase Contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	55,132	27,931	—	—
Later than 1 year and not later than 5 years	139,894	87,251	—	—
	<u>195,026</u>	<u>115,182</u>	<u>—</u>	<u>—</u>
Less: future finance charges	(38,416)	(24,431)	—	—
	<u>156,610</u>	<u>90,751</u>	<u>—</u>	<u>—</u>

21. Provisions

Group	Deferred tax (note 22) £
At 1 April 2016	—
Additions	38,775
At 31 March 2017	<u>38,775</u>

The company does not have any provisions.

22. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in debtors (note 16)	165,810	186,285	—	—
Included in provisions (note 21)	(38,775)	—	—	—
	<u>127,035</u>	<u>186,285</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	38,775	—	—	—
Unused tax losses	(165,810)	(186,285)	—	—
	<u>(127,035)</u>	<u>(186,285)</u>	<u>—</u>	<u>—</u>

23. Employee Benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £13,237 (2016: £11,753).

TBS Investments Limited

Notes to the Consolidated Financial Statements *(continued)*

Year Ended 31 March 2017

24. Called Up Share Capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

25. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Capital Commitments

Capital expenditure contracted for but not provided for in the consolidated financial statements is as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Tangible assets	<u>159,950</u>	<u>81,855</u>	<u>-</u>	<u>-</u>

27. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	320,162	303,512	-	-
Later than 1 year and not later than 5 years	566,544	827,300	-	-
Later than 5 years	180,553	182,407	-	-
	<u>1,067,259</u>	<u>1,313,219</u>	<u>-</u>	<u>-</u>

28. Directors' Advances, Credits and Guarantees

There are no balances owed to the directors at 31 March 2017 (2016 - £nil). During the year under review, the directors received consultancy fees of £60,000 (2016 - £60,000).

29. Related Party Transactions

Company

The company was under the control of Mr B G Benson throughout the current and previous year. Mr B G Benson is the majority shareholder.

During the period, the group paid a management charge amounting to £130,000 (2016 - £90,000) to Bowdon Group Limited, a company in which Mr B G Benson has a controlling interest.

At the year end, the group owed £nil to Mr B G Benson (2016 - £50,000). This amount is included in creditors falling due after more than one year in the comparative year.