**REGISTERED NUMBER: 01147080 (England and Wales)**

Strategic Report,

Report of the Directors and

Financial Statements

for the Year Ended 31 December 2018

for

BROOM BOATS LIMITED

Contents of the Financial Statements
for the year ended 31 December 2018

# Company Information
for the year ended 31 December 2018

| | |
|---|---|
| **Directors:** | M R Scott<br>J S Tate<br>S A Thorne |
| **Registered office:** | The Yacht Station<br>Riverside<br>Brundall<br>Norwich<br>Norfolk<br>NR13 5PX |
| **Registered number:** | 01147080 (England and Wales) |
| **Auditors:** | Haines Watts Essex LLP<br>Coopers House<br>65a Wingletye Lane<br>Hornchurch<br>Essex<br>RM11 3AT |

# Strategic Report
for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

The principal activities of the Company during the year continued to be in the area of boat building, boat servicing and repairs and the operation of a marina. The company suspended boat building activities in the period.

**Review of business**
Gross profit remained stable at £793,532 (2017 - £800,052). Turnover saw a planned reduction, ending the year at £2,126,453, down from £3,396,988 in 2017 following the planned suspension of boat building activities. As a result of the planned streamlining of operations and cost reduction programme, overheads fell to £1,607,438 from £2,310,834 in 2017, resulting in the loss before taxation being significantly reduced compared to 2017 at £847,970 (2017 - £1,716,647).

Whilst the results are disappointing, the directors are pleased to have implemented a successful cost reduction plan and managed the phased suspension of boat building activities during the year. The directors consider that the business is now in a better position to focus on boat servicing and repairs alongside its marina business and anticipate improved performance in 2019.

**Principal risks and uncertainties**
The directors are mindful of the general economic risk to the marine services and mooring business as many peoples disposable income continues to stagnate or decline. The directors feel that continuing to offer quality service and good value will ensure customers continue to be attracted and retained.

The company, through suspending boat building activities, considers any exposure to foreign exchange risk to be negligible.

**Financial key performance indicators**
The directors believe that the key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover, gross profit and loss / profit before tax (all noted above).

**On behalf of the board:**

M R Scott - Director

26 September 2019

# Report of the Directors
## for the year ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

**Principal activity**
The principal activity of the company in the year under review was that of boat building, boat servicing and repairs and the operation of a marina.

**Director**
M R Scott held office during the whole of the period from 1 January 2018 to the date of this report.

Other changes in directors holding office are as follows:

J S Tate and S A Thorne were appointed as directors after 31 December 2018 but prior to the date of this report.

**Statement of directors' responsibilities**
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

**Statement as to disclosure of information to auditors**
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**
The auditors, Haines Watts Essex LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the board:**

M R Scott - Director

26 September 2019

**Opinion**
We have audited the financial statements of Broom Boats Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 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 Auditors' 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**
In forming our opinion, which is not modified in this respect, we have considered the adequacy of the disclosures made in the financial statements concerning the Company's ability to continue as a going concern. The Company has net liabilities of £4,820,754 for the year ended 31 December 2018 with a net loss of £863,057. The Company meets its day to day working capital requirements through a combination of bank borrowings and support from its parent undertakings. These conditions, along with the other matters explained in the notes to the financial statements, indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**Other information**
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**
As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

**Auditors' 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Ian Gorsuch (Senior Statutory Auditor)
for and on behalf of Haines Watts Essex LLP
Coopers House
65a Wingletye Lane
Hornchurch
Essex
RM11 3AT

27 September 2019

## Income Statement
for the year ended 31 December 2018

| | Notes | Year ended 31/12/18 £ | Period 1/12/16 to 31/12/17 £ |
|---|---|---|---|
| **Turnover** | 3 | 2,126,453 | 3,396,988 |
| Cost of sales | | 1,332,921 | 2,596,936 |
| **Gross profit** | | 793,532 | 800,052 |
| Administrative expenses | | 1,607,438 | 2,310,834 |
| | | (813,906) | (1,510,782) |
| Other operating income | | 16,137 | 49,750 |
| **Operating loss** | 6 | (797,769) | (1,461,032) |
| Impairment of development costs | 7 | - | (192,993) |
| Impairment of tangible fixed assets | 7 | - | (9,981) |
| | | (797,769) | (1,664,006) |
| Interest payable and similar expenses | 8 | 50,201 | 52,641 |
| **Loss before taxation** | | (847,970) | (1,716,647) |
| Tax on loss | 9 | 15,087 | (7,950) |
| **Loss for the financial year** | | (863,057) | (1,708,697) |

The notes form part of these financial statements

## Balance Sheet
31 December 2018

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 10 | | 5,550 | | 5,550 |
| Tangible assets | 11 | | 3,234,709 | | 3,381,765 |
| | | | 3,240,259 | | 3,387,315 |
| **Current assets** | | | | | |
| Stocks | 12 | 264,465 | | 318,065 | |
| Debtors | 13 | 1,692,571 | | 1,969,780 | |
| Cash in hand | | 354 | | 123 | |
| | | 1,957,390 | | 2,287,968 | |
| **Creditors** | | | | | |
| Amounts falling due within one year | 14 | 10,018,403 | | 9,632,980 | |
| **Net current liabilities** | | | (8,061,013) | | (7,345,012) |
| **Total assets less current liabilities** | | | (4,820,754) | | (3,957,697) |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | | 58,210 | | 58,210 |
| Share premium | 18 | | 445,376 | | 445,376 |
| Revaluation reserve | 18 | | 1,936,563 | | 1,936,563 |
| Retained earnings | 18 | | (7,260,903) | | (6,397,846) |
| **Shareholders' funds** | | | (4,820,754) | | (3,957,697) |

The financial statements were approved by the Board of Directors on 26 September 2019 and were signed on its behalf by:

M R Scott - Director

Statement of Changes in Equity
for the year ended 31 December 2018

| | Called up share capital £ | Retained earnings £ | Share premium £ | Revaluation reserve £ | Total equity £ |
|---|---|---|---|---|---|
| **Balance at 1 December 2016** | - | (4,672,899) | 445,376 | 1,920,313 | (2,307,210) |
| **Changes in equity** | | | | | |
| Issue of share capital | 58,210 | - | - | - | 58,210 |
| Total comprehensive income | - | (1,724,947) | - | 16,250 | (1,708,697) |
| **Balance at 31 December 2017** | 58,210 | (6,397,846) | 445,376 | 1,936,563 | (3,957,697) |
| **Changes in equity** | | | | | |
| Total comprehensive income | - | (863,057) | - | - | (863,057) |
| **Balance at 31 December 2018** | 58,210 | (7,260,903) | 445,376 | 1,936,563 | (4,820,754) |

The notes form part of these financial statements

1. **Statutory information**

Broom Boats Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 01147080 and registered office address is The Yacht Station, Riverside, Brundall, Norwich, Norfolk, NR13 5PX.

2. **Accounting policies**

**Basis of preparing the financial statements**
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Going concern**
The Company incurred a net loss of £863,057 during the year ended 31 December 2018 and at that date the Company had net current liabilities of £8,061,013 and net liabilities of £4,820,754. The Company meets its day to day working capital requirements through a combination of formal bank borrowings and support from its parent undertakings. The bank facilities of £1,062,396 are secured over the assets of the Company. Included in the bank facility is an overdraft of £400,000. The parent undertakings have confirmed their loans of £8,102,762 will not be withdrawn in the foreseeable future unless funds permit.

Based on the financial projections and the continued availability of sufficient levels of finance from both the bank and group companies, the directors consider it appropriate to prepare the financial statements on the going concern basis.

In forming their decision on going concern, the directors have considered a period of no less than 12 months from the date of approval of these financial statements.

**Financial Reporting Standard 102 - reduced disclosure exemptions**
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of M Scott Proprty Group Limited as at 31 December 2018.and these financial statements may be obtained from Companies House.

2. **Accounting policies - continued**

**Critical accounting 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 for assets and liabilities as at the balance sheet date, and amounts reported for income and expenditure during the year. However, the nature of estimation mean that actual outcomes could differ from those estimates. No judgements (apart from those involving estimates) have been made when preparing the financial statements.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- Stock provision
A provision for stock where net realisable value is expected to be less than cost has been included in the financial statements to ensure the stock balance represents a recoverable amount. The stock provision at 31 December 2018 was £220,728.

- Amounts recoverable on contracts
Amounts recoverable on contracts are assessed on a contract by contract basis and turnover and related costs are recognised as the activity progresses.

- Amortisation and impairment of development costs
Development costs consist of expenditure incurred by the company in the design and development of new boating models. Amortisation of 2% per use has been applied.

- Useful economic life of tangible fixed assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

**Turnover**
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

On the sale of standard products and repairs, revenue is recognised by the company on completion of the job.

On the sale of boats, revenue is recognised across the life of the build.

**Intangible assets**
Intangible assets are initially measured at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Any impairment loss is to be recognised in the Income Statement following an assessment at the Balance Sheet date indicating the recoverable amount was less than its carrying value.

Development costs are being amortised evenly over their estimated useful life of 50 years.

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits and are amortised over the anticipated life of the benefits arising from the completed product or project. Development costs are reviewed annually, and where benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to the Statement of Comprehensive Income.

## 2. Accounting policies - continued

**Tangible fixed assets**
Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|---|---|
| Freehold property | - 2% straight line |
| Improvements to freehold property | - 10% straight line |
| Plant and machinery | - 10% - 25% reducing balance |
| Motor vehicles | - 25% straight line |
| Fixtures, fittings & computer equipment | - 25% reducing balance |
| Website & software | - 25% - 33% straight line |

Moulds included within plant and machinery, are written off over their useful economic lives. The useful economic lives are assessed annually by the directors.

**Stocks**
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

**Financial instruments**
Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

**Taxation**
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. **Accounting policies - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. **Turnover**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

| | Year ended 31/12/18 £ | Period 1/12/16 to 31/12/17 £ |
|---|---|---|
| Boat sales | 666,515 | 2,067,671 |
| Services rendered | 1,310,921 | 1,188,382 |
| Moorings | 149,017 | 140,935 |
| | 2,126,453 | 3,396,988 |

An analysis of turnover by geographical market is given below:

| | Year ended 31/12/18 £ | Period 1/12/16 to 31/12/17 £ |
|---|---|---|
| United Kingdom | 2,126,453 | 3,302,217 |
| Europe | - | 94,771 |
| | 2,126,453 | 3,396,988 |

## 4. Employees and directors

| | Year ended 31/12/18 £ | Period 1/12/16 to 31/12/17 £ |
|---|---|---|
| Wages and salaries | 1,104,017 | 1,728,762 |
| Social security costs | 102,369 | 167,603 |
| Other pension costs | 16,992 | 16,568 |
| | 1,223,378 | 1,912,933 |

The average number of employees during the year was as follows:

| | Year ended 31/12/18 | Period 1/12/16 to 31/12/17 |
|---|---|---|
| Boat building and repairing | 30 | 59 |
| Selling, distribution and administration | 16 | 11 |
| | 46 | 70 |

## 5. Directors' emoluments

| | Year ended 31/12/18 £ | Period 1/12/16 to 31/12/17 £ |
|---|---|---|
| Director's remuneration | - | 50,000 |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|---|---|---|
| Defined benefit schemes | - | 1 |

## 6. Operating loss

The operating loss is stated after charging/(crediting):

| | Year ended 31/12/18 £ | Period 1/12/16 to 31/12/17 £ |
|---|---|---|
| Hire of plant and machinery | 11,395 | 10,653 |
| Depreciation - owned assets | 120,171 | 130,611 |
| Profit on disposal of fixed assets | (2,012) | (2,138) |
| Development costs amortisation | - | 6,605 |
| Auditors' remuneration | 7,000 | 10,000 |
| Impairment of tangible fixed assets | - | 9,981 |
| Impairment of intangible fixed assets | - | 99,710 |
| Research & Development charged as an expense | - | 601 |

## 7. Exceptional items

| | Year ended 31/12/18 | Period 1/12/16 to 31/12/17 |
|---|---|---|
| | £ | £ |
| Impairment of development costs | - | (192,993) |
| Impairment of tangible fixed assets | - | (9,981) |
| | - | (202,974) |

## 8. Interest payable and similar expenses

| | Year ended 31/12/18 | Period 1/12/16 to 31/12/17 |
|---|---|---|
| | £ | £ |
| Bank overdraft interest | 6,616 | 5,641 |
| Bank loan interest | 43,585 | 47,000 |
| | 50,201 | 52,641 |

## 9. Taxation

**Analysis of the tax charge/(credit)**
The tax charge/(credit) on the loss for the year was as follows:

| | Year ended 31/12/18 | Period 1/12/16 to 31/12/17 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| Prior year over provision | 15,087 | (7,950) |
| Tax on loss | 15,087 | (7,950) |

## 10. Intangible fixed assets

| | Trademarks | Development costs | Totals |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2018 | | | |
| and 31 December 2018 | 5,550 | 726,272 | 731,822 |
| **Amortisation** | | | |
| At 1 January 2018 | | | |
| and 31 December 2018 | - | 726,272 | 726,272 |
| **Net book value** | | | |
| At 31 December 2018 | 5,550 | - | 5,550 |
| At 31 December 2017 | 5,550 | - | 5,550 |

## 11. Tangible fixed assets

| | Freehold property £ | Improvements to property £ | Other fixed assets £ | Totals £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2018 | 3,000,000 | 186,367 | 3,041,717 | 6,228,084 |
| Additions | - | 3,008 | 7,800 | 10,808 |
| Disposals | - | - | (37,693) | (37,693) |
| At 31 December 2018 | 3,000,000 | 189,375 | 3,011,824 | 6,201,199 |
| **Depreciation** | | | | |
| At 1 January 2018 | 121,250 | 50,654 | 2,674,415 | 2,846,319 |
| Charge for year | 15,000 | 18,648 | 86,523 | 120,171 |
| At 31 December 2018 | 136,250 | 69,302 | 2,760,938 | 2,966,490 |
| **Net book value** | | | | |
| At 31 December 2018 | 2,863,750 | 120,073 | 250,886 | 3,234,709 |
| At 31 December 2017 | 2,878,750 | 135,713 | 367,302 | 3,381,765 |

Cost or valuation at 31 December 2018 is represented by:

| | Freehold property £ | Improvements to property £ | Other fixed assets £ | Totals £ |
|---|---|---|---|---|
| Valuation in 2009 | 1,515,121 | - | - | 1,515,121 |
| Cost | 1,484,879 | 189,375 | 3,011,824 | 4,686,078 |
| | 3,000,000 | 189,375 | 3,011,824 | 6,201,199 |

If the land and buildings had not been revalued they would have been included at the following historical cost:

| | 2018 £ | 2017 £ |
|---|---|---|
| Cost | 1,484,879 | 1,484,879 |
| Aggregate depreciation | 366,291 | 336,593 |
| Value of land in freehold land and buildings | 1,118,588 | 1,148,286 |

Included in freehold property is freehold land and moorings at a valuation of £2,250,000 (original cost £4,700) which is not depreciated.

## 12. Stocks

| | 2018 £ | 2017 £ |
|---|---|---|
| Stocks | 264,465 | 318,065 |

## 13. Debtors: amounts falling due within one year

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Trade debtors | 159,091 | 203,090 |
| Amounts owed by group undertakings | 1,261,564 | 1,268,085 |
| Amounts recoverable on contract | - | 14 |
| Other debtors | 271,916 | 498,591 |
| | 1,692,571 | 1,969,780 |

## 14. Creditors: amounts falling due within one year

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Bank loans and overdrafts (see note 15) | 1,062,396 | 1,145,275 |
| Trade creditors | 156,502 | 280,054 |
| Amounts owed to group undertakings | 8,615,159 | 7,911,290 |
| Social security and other taxes | 16,479 | 38,868 |
| VAT | 36,648 | - |
| Other creditors | 131,212 | 257,325 |
| Accruals and deferred income | 7 | 168 |
| | 10,018,403 | 9,632,980 |

## 15. Loans

An analysis of the maturity of loans is given below:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | 908,149 | 997,698 |
| Bank overdrafts | 154,247 | 147,577 |
| | 1,062,396 | 1,145,275 |

Bank facilities of £1,062,396 (2017 £1,145,275) are secured over the industrial premises, debentures and bank balances of the Company along with a cross guarantee with Broom Marine Group Limited.

Some of the Company's bank loan agreements are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfill the profit before interest and tax / interest charge ratio as required. Due to this breach of the covenant clause, the bank is contractually entitled to request immediate repayment of the outstanding loan of £908,149. The outstanding balance is presented as a current liability as at 31 December 2018.

The bank has not requested early repayment of the loan as of the date these financial statements were approved by the Board of Directors.

## 16. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Within one year | 3,528 | 5,008 |
| Between one and five years | 1,158 | 6,579 |
| | 4,686 | 11,587 |

## 17. Called up share capital

**Allotted, issued and fully paid:**

| **Number:** | **Class:** | **Nominal value:** | **2018 £** | **2017 £** |
|---|---|---|---|---|
| 58,210 | Ordinary | £1 | 58,210 | 58,210 |

## 18. Reserves

| | **Retained earnings £** | **Share premium £** | **Revaluation reserve £** | **Totals £** |
|---|---|---|---|---|
| At 1 January 2018 | (6,397,846) | 445,376 | 1,936,563 | (4,015,907) |
| Deficit for the year | (863,057) | | | (863,057) |
| At 31 December 2018 | (7,260,903) | 445,376 | 1,936,563 | (4,878,964) |

## 19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the year was £16,992 (2017; £16,568). £2,306 (2017 £2,771) contributions were payable to the fund at the balance sheet date.

## 20. Ultimate parent company

M Scott Property Group (incorporated in UK ) is regarded by the directors as being the company's ultimate parent company.

## 21. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, a total of key management personnel compensation of £ 200,938 (2017 - £ 130,150 ) was paid.

## 22. Ultimate controlling party

The ultimate controlling party is M Scott.