

**Financial Statements**  
**for the Year Ended 31 December 2020**  
**for**  
**BROOM BOATS LIMITED**

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for the year ended 31 December 2020**

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**BROOM BOATS LIMITED**  
**Company Information**  
**for the year ended 31 December 2020**

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**Directors:**

M R Scott  
S A Thorne  
A J Howell

**Registered office:**

The Yacht Station  
Riverside  
Brundall  
Norwich  
Norfolk  
NR13 5PX

**Registered number:**

01147080 (England and Wales)

**Auditors:**

Haines Watts Essex LLP  
Coopers House  
65a Wingleye Lane  
Hornchurch  
Essex  
RM11 3AT

**BROOM BOATS LIMITED (REGISTERED NUMBER: 01147080)**

**Balance Sheet  
31 December 2020**

		2020		2019
	Notes	£	£	£
<b>Fixed assets</b>				
Intangible assets	4	5,550		5,550
Tangible assets	5	<u>3,109,868</u>		<u>3,161,642</u>
		<b>3,115,418</b>		<b>3,167,192</b>
<b>Current assets</b>				
Stocks	6	77,134	228,709	
Debtors	7	1,427,458	1,441,365	
Cash in hand		<u>43</u>	<u>425</u>	
		<b>1,504,635</b>	<b>1,670,499</b>	
<b>Creditors</b>				
Amounts falling due within one year	8	<u>9,939,970</u>	<u>10,003,136</u>	
<b>Net current liabilities</b>		<b>(8,435,335)</b>		<b>(8,332,637)</b>
<b>Total assets less current liabilities</b>		<b>(5,319,917)</b>		<b>(5,165,445)</b>
<b>Creditors</b>				
Amounts falling due after more than one year	9	<u>357,882</u>		<u>150,000</u>
<b>Net liabilities</b>		<b>(5,677,799)</b>		<b>(5,315,445)</b>
<b>Capital and reserves</b>				
Called up share capital	12	58,210		58,210
Share premium	13	445,376		445,376
Revaluation reserve	13	1,936,563		1,936,563
Retained earnings	13	<u>(8,117,948)</u>		<u>(7,755,594)</u>
<b>Shareholders' funds</b>		<b>(5,677,799)</b>		<b>(5,315,445)</b>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Profit and Loss Account has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2021 and were signed on its behalf by:

M R Scott - Director

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**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" including the provisions of Section 1A "Small Entities" 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 £362,354 during the year ended 31 December 2020 and at that date the Company had net current liabilities of £8,435,335 and net liabilities of £5,677,799. 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 £882,732 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 £8,182,704 will not be withdrawn in the foreseeable future unless funds permit. Management believe that the business is making strong progress in its turnaround and also that there is significant potential value in the current operating site.

The directors reviewed and considered relevant information, including the annual budgets and forecasts of the company in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have taken into account the impact on their business of COVID-19, alongside the measures that they have taken to mitigate the future impact. To date, management have acted swiftly and decisively in enacting cost saving measures and obtaining suitable government support, leaving the business well positioned to continue its planned turnaround throughout FY21. Based on these assessments, given the measures that have been undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the financial statements.

**Key source of estimation, uncertainty and judgement**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating depreciation. A full line by line review of fixed assets is carried out by management regularly. Whilst every attempt is made to ensure that the depreciation policy is as accurate as possible, there remains a risk that the policy does not match the useful life of the assets.

There is estimation uncertainty in calculating deferred tax. A full line by line review of deferred tax is carried out by management regularly. Whilst every attempt is made to ensure that the deferred tax is as accurate as possible, there remains a risk that the provisions do not match the actual tax liability when asset is disposed of.

There is estimation uncertainty in calculating bad debt provisions. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

Notes to the Financial Statements - continued  
for the year ended 31 December 2020

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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 2020 was £nil.

- 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.

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2020**

**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	- 20% 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 Profit and Loss Account, 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.

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2020**

**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. Employees and directors**

The average number of employees during the year was 23 (2019 - 33 ).

**4. Intangible fixed assets**

	Trademarks £	Development costs £	Totals £
<b>Cost</b>			
At 1 January 2020 and 31 December 2020	<u>5,550</u>	<u>726,272</u>	<u>731,822</u>
<b>Amortisation</b>			
At 1 January 2020 and 31 December 2020	<u>-</u>	<u>726,272</u>	<u>726,272</u>
<b>Net book value</b>			
At 31 December 2020	<u>5,550</u>	<u>-</u>	<u>5,550</u>
At 31 December 2019	<u>5,550</u>	<u>-</u>	<u>5,550</u>



Notes to the Financial Statements - continued  
for the year ended 31 December 2020

## 5. Tangible fixed assets

	Freehold property £	Improvements to property £	Other fixed assets £	Totals £
<b>Cost or valuation</b>				
At 1 January 2020	3,000,000	191,720	3,021,041	6,212,761
Additions	-	2,643	29,041	31,684
Disposals	-	-	(26,965)	(26,965)
At 31 December 2020	<u>3,000,000</u>	<u>194,363</u>	<u>3,023,117</u>	<u>6,217,480</u>
<b>Depreciation</b>				
At 1 January 2020	151,250	88,474	2,811,395	3,051,119
Charge for year	15,000	19,436	40,376	74,812
Eliminated on disposal	-	-	(18,319)	(18,319)
At 31 December 2020	<u>166,250</u>	<u>107,910</u>	<u>2,833,452</u>	<u>3,107,612</u>
<b>Net book value</b>				
At 31 December 2020	<u>2,833,750</u>	<u>86,453</u>	<u>189,665</u>	<u>3,109,868</u>
At 31 December 2019	<u>2,848,750</u>	<u>103,246</u>	<u>209,646</u>	<u>3,161,642</u>

Cost or valuation at 31 December 2020 is represented by:

	Freehold property £	Improvements to property £	Other fixed assets £	Totals £
Valuation in 2009	1,515,121	-	-	1,515,121
Cost	<u>1,484,879</u>	<u>194,363</u>	<u>3,023,117</u>	<u>4,702,359</u>
	<u>3,000,000</u>	<u>194,363</u>	<u>3,023,117</u>	<u>6,217,480</u>

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

	2020 £	2019 £
Cost	<u>1,484,879</u>	<u>1,484,879</u>
Aggregate depreciation	<u>366,291</u>	<u>366,291</u>
Value of land in freehold land and buildings	<u>1,118,588</u>	<u>1,118,588</u>

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

## 6. Stocks

	2020 £	2019 £
Stocks	<u>77,134</u>	<u>228,709</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2020

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

	2020	2019
	£	£
Trade debtors	104,693	49,463
Amounts owed by group undertakings	1,275,658	1,315,401
Other debtors	47,107	76,501
	<u>1,427,458</u>	<u>1,441,365</u>

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

	2020	2019
	£	£
Bank loans and overdrafts (see note 10)	882,732	1,025,154
Trade creditors	92,824	138,516
Amounts owed to group undertakings	8,787,486	8,691,101
Social security and other taxes	17,251	17,672
VAT	26,919	632
Other creditors	18,174	130,061
Accruals and deferred income	114,584	-
	<u>9,939,970</u>	<u>10,003,136</u>

## 9. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to group undertakings	17,882	-
Other creditors	340,000	150,000
	<u>357,882</u>	<u>150,000</u>

## 10. Loans

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	713,562	813,963
Bank overdrafts	169,170	211,191
	<u>882,732</u>	<u>1,025,154</u>

Bank facilities of £882,732 (2019 £1,025,154) 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 £713,562. The outstanding balance is presented as a current liability as at 31 December 2020.

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

Notes to the Financial Statements - continued  
for the year ended 31 December 202011. **Leasing agreements**

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

	2020	2019
	£	£
Within one year	3,251	1,158
Between one and five years	4,731	-
	<u>7,982</u>	<u>1,158</u>

12. **Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
58,210	Ordinary	£1	<u>58,210</u>	<u>58,210</u>

13. **Reserves**

	Retained earnings	Share premium	Revaluation reserve	Totals
	£	£	£	£
At 1 January 2020	(7,755,594)	445,376	1,936,563	(5,373,655)
Deficit for the year	<u>(362,354)</u>			<u>(362,354)</u>
At 31 December 2020	<u>(8,117,948)</u>	<u>445,376</u>	<u>1,936,563</u>	<u>(5,736,009)</u>

14. **Disclosure under Section 444(5B) of the Companies Act 2006**

The Report of the Auditors was unqualified.

Ian Gorsuch (Senior Statutory Auditor)  
for and on behalf of Haines Watts Essex LLP

15. **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 £15,471 (2019 £15,500). £3,555 (2019 £3,177) contributions were payable to the fund at the balance sheet date.

16. **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.

At the year end £340,000 was due to directors (2019: £150,000).

17. **Ultimate controlling party**

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

The ultimate controlling party is M Scott.

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