

Company Registration No. 01532448 (England and Wales)

B. & B. ATTACHMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016



B. & B. ATTACHMENTS LIMITED

COMPANY INFORMATION

Directors	M R Barton J W Lamberth N W Fowler T P Christian
Company number	01532448
Registered office	Unit 46 Colbourne Avenue Nelson Park Industrial Estate Cramlington Northumberland NE23 1WD
Auditor	RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD
Business address	Unit 46 Colbourne Avenue Nelson Park Industrial Estate Cramlington Northumberland NE23 1WD
Bankers	NatWest P O Box No 4RY 250 Regent Street London W1A 4RY

B. & B. ATTACHMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Business review

The financial year ended 31 December 2016 saw annual turnover remain broadly flat year on year. This reflects industry figures for forklift truck sales in the UK. Gross margins have remained consistent, despite rising costs in relation to the fall in sterling, which has increased the cost of importing. As many deals are agreed months in advance the Company has been unable to pass on the exchange rate impact in the short term. This is expected to continue into the first quarter of 2017.

The Company has seen pressure in raw material prices and service contracts, driven by the introduction of the living wage and exchange rate fluctuations; however, this has been offset by the increase in in-house manufacturing over supply of third party products.

Manufacturing capability was expanded in 2015, in conjunction with a successful change of business premises. The focus for 2016 has been to continue the business expansion through a focus on export. Increasing export will help alleviate exchange rate impacts in future. Significant marketing investment, as well as the recruitment of several new manufacturing team members, has demonstrated the Board's commitment to these initiatives.

There has been a fall in overall profitability due to several one-off events. A long-standing loan from the company's major supplier – Kaup GMBH – was repaid during the year, funded by proceeds from the sale of the business' previous premises, which were sold during the year.

Whilst this is excellent news for the business, the loan was euro-denominated and settled after the European Referendum. The unprecedented fall in the value of sterling versus euro led to a large increase in the sterling repayment value of the loan. Additionally, there were a number of legal and land lease fees to pay on completion of the property deal.

The overall impact of these one-off items in the year is around £255k. This has led to a post-tax loss for the year of £64k.

The Board believes that the investment in the business manufacturing capacity, new members of staff, and marketing with a focus on export will enable the business to gather pace in 2017, and will contribute to a steadily improving outlook for profitability.

The directors are grateful to their major supplier, Kaup GMBH, for its continued support.

Principal Risks and Uncertainties

The Company relies on a small number of key suppliers for the distribution side of the business and a change or failure in one of these key suppliers would have a significant impact on the business. This risk is mitigated by maintaining excellent relationships with key suppliers and through diversifying the business by increasing in-house manufacturing.

The company is subject to a broad range of laws, regulations and standards. The main regulatory risks to the company arise from Health and Safety legislation. The company is ISO9001:2008 compliant, and is currently transitioning to ISO9001:2015. Regular health and safety meetings are held with an external advisor to review current practices. Staff are briefed on health and safety, and issued with appropriate protective equipment for their duties.

Future Developments

The Board remains committed to continuing development of the business and growing turnover and profit.

A focus on export will open new markets for the business and increasing UK manufacture will deliver margin growth. To support UK manufacture the Company has grown stock holdings during the year.

The Board recognises the need to develop IT reporting tools to support the manufacturing process, and has already significantly invested in new systems, which are expected to be brought on-line in 2017. The new computer software will improve costing capabilities and facilitate the delivery of improved divisional reporting.

B. & B. ATTACHMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Key performance indicators

The Directors monitor several KPIs. However, their main concerns are revenue, margin%, EBITDA and overall profitability:

	2016	2015
Revenues (£)	8,626,259	8,749,329
Margin (%)	39.2	38.8
EBITDA (£)	188,611	365,618
(Loss) / Profit (£)	(63,657)	42,032

Post balance sheet events

Post year-end, a new related company – Colbourne Investments Limited – was formed. This company has fully bought out the private equity stake in the parent holding company.

On behalf of the board



M R Barton

Director

01.06.17

B. & B. ATTACHMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of distribution, service and hire of fork lift truck attachments.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M R Barton
J W Lamberth
N W Fowler
T P Christian

Results and dividends

The loss for the year, after taxation, amounted to £63,657.

No dividend has been declared for the year.

Financial instruments

The company is exposed to a number of risks in relation to financial instruments namely:

Commodity price risk

The company manages commodity risk through competitive sourcing and review of suppliers' and competitors' pricing.

Liquidity risk

The company manages liquidity risk through the use of short term financing facilities, financing of major capital additions over periods ranging from 3-5 years, and controlling overhead spend.

Foreign exchange risk

The company purchases from both Europe and the USA. However, a large proportion of the customer base is UK-based. Thus, the company is exposed to falls in the value of Sterling. It is the company's policy to cover cashflows through forward contracts and the company is actively working to grow exports, which provide a natural hedge.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

B. & B. ATTACHMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board

A handwritten signature in black ink, appearing to be 'm r barton', written over a dotted line.

M R Barton

Director

01.06.17

B.& B. ATTACHMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF B.& B. ATTACHMENTS LIMITED

Opinion on financial statements

We have audited the financial statements on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its income and expenditure 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the 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 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 (APB's) Ethical Standards for Auditors.

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.



Claire Leece (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

02/06/2017

B. & B. ATTACHMENTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	8,626,259	8,749,329
Cost of sales		(5,245,462)	(5,353,284)
Gross profit		3,380,797	3,396,045
Administrative expenses		(3,555,159)	(3,317,891)
Other operating income		79,530	47,026
Operating (loss)/profit	4	(94,832)	125,180
Interest receivable and similar income	7	5,824	-
Interest payable and similar expenses	8	(32,287)	(15,422)
(Loss)/profit before taxation		(121,295)	109,758
Taxation	9	57,638	(67,726)
(Loss)/profit for the financial year		(63,657)	42,032
Retained earnings brought forward		1,215,078	1,173,046
Retained earnings carried forward		1,151,421	1,215,078

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

B. & B. ATTACHMENTS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	10		25,998		30,615
Tangible assets	11		1,061,329		1,114,302
Investment properties	12		-		385,000
			<u>1,087,327</u>		<u>1,529,917</u>
Current assets					
Stocks	13	766,370		511,887	
Debtors falling due after one year	14	1,023,850		1,023,850	
Debtors falling due within one year	14	2,131,177		2,184,406	
Cash at bank and in hand		243,437		79,158	
		<u>4,164,834</u>		<u>3,799,301</u>	
Creditors: amounts falling due within one year	15	<u>(3,601,876)</u>		<u>(3,472,937)</u>	
Net current assets			<u>562,958</u>		<u>326,364</u>
Total assets less current liabilities			<u>1,650,285</u>		<u>1,856,281</u>
Creditors: amounts falling due after more than one year	16		(257,818)		(342,519)
Provisions for liabilities	18		(191,046)		(248,684)
Net assets			<u>1,201,421</u>		<u>1,265,078</u>
Capital and reserves					
Called up share capital	23	50,000		50,000	
Profit and loss reserves		1,151,421		1,215,078	
Total equity		<u>1,201,421</u>		<u>1,265,078</u>	

The financial statements were approved by the board of directors and authorised for issue on 01.06.17 and are signed on its behalf by:



M R Barton
Director

B. & B. ATTACHMENTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	24	46,626		374,673	
Interest paid		(32,287)		(15,422)	
Net cash inflow from operating activities		14,339		359,251	
Investing activities					
Purchase of intangible assets		-		(36,000)	
Purchase of tangible fixed assets		(222,408)		(557,508)	
Proceeds on disposal of tangible fixed assets		46,796		55,710	
Proceeds on disposal of investment property		385,000		-	
Net cash generated from/(used in) investing activities		209,388		(537,798)	
Financing activities					
Payment of finance leases obligations		(59,448)		193,720	
Net cash (used in)/generated from financing activities		(59,448)		193,720	
Net increase in cash and cash equivalents		164,279		15,173	
Cash and cash equivalents at beginning of year		79,158		63,985	
Cash and cash equivalents at end of year		243,437		79,158	

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

B. & B. Attachments Limited is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is Unit 46, Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, Northumberland, NE23 1WD.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The directors have prepared forecasts which indicate that they can continue to operate within agreed facilities for 12 months from signing the financial statements. Therefore the directors have prepared the accounts on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents the value of all services delivered during the year, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Development expenditure is capitalised when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

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

Intellectual property	15% reducing balance
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B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	Over the length of the lease or 25 years, whichever is the shorter
Plant and machinery	20% straight line or 15% reducing balance
Office and computer equipment	33% straight line
Motor vehicles	40% reducing balance

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

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as a tangible fixed asset.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Impairment of financial assets

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Retirement benefits

The pension costs charged in the financial statement represent contributions payable by the company during the year in accordance with FRS102.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover analysed by class of business		
Goods	6,115,305	6,944,231
Services	2,510,954	1,805,098
	<u>8,626,259</u>	<u>8,749,329</u>
Other revenue		
Gains on financial instruments measured at fair value through profit and loss	5,824	-
Commissions received	9,489	-
Grants received	70,041	47,026
	<u>75,354</u>	<u>47,026</u>
Turnover analysed by geographical market		
	2016 £	2015 £
United Kingdom	8,140,948	8,338,418
Europe (excluding UK)	56,302	8,324
North America	131,515	86,686
Far East	295,382	301,982
Africa	2,112	13,919
	<u>8,626,259</u>	<u>8,749,329</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating (loss)/profit

	2016	2015
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	183,248	11,066
Government grants	(70,041)	(47,026)
Fees payable to the company's auditor for the audit of the company's financial statements	14,500	14,200
Depreciation of owned tangible fixed assets	236,726	205,252
Depreciation of tangible fixed assets held under finance leases	36,276	29,801
Profit on disposal of tangible fixed assets	(44,417)	(53,200)
Amortisation of intangible assets	4,617	5,385
Cost of stocks recognised as an expense	5,062,214	5,360,439
Operating lease charges	294,830	283,148
	<u> </u>	<u> </u>

5 Employees

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

	2016	2015
	Number	Number
Total staff	63	55
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	1,960,343	1,830,239
Social security costs	179,464	203,733
Pension costs	40,090	8,866
	<u> </u>	<u> </u>
	2,179,897	2,042,838
	<u> </u>	<u> </u>

6 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	314,997	288,125
Company pension contributions to defined contribution schemes	18,183	6,183
	<u> </u>	<u> </u>
	333,180	294,308
	<u> </u>	<u> </u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Directors' remuneration (Continued)

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

Remuneration for qualifying services	129,274	116,935
Company pension contributions to defined contribution schemes	7,693	7,680
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2016 £	2015 £
Gains on financial instruments measured at fair value through profit or loss	5,824	-
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3	-
Other finance costs:		
Interest on finance leases and hire purchase contracts	11,418	(15,642)
Other interest	20,866	31,064
	<u>32,287</u>	<u>15,422</u>

9 Taxation

	2016 £	2015 £
Current tax		
Adjustments in respect of prior periods	-	(276)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(57,638)	68,002
	<u> </u>	<u> </u>
Total tax (credit)/charge	<u>(57,638)</u>	<u>67,726</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2016 £	2015 £
(Loss)/profit before taxation	(121,295)	109,758
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(24,259)	21,952
Tax effect of expenses that are not deductible in determining taxable profit	15,288	20,013
Tax effect of utilisation of tax losses not previously recognised	-	40,763
Adjustments in respect of prior years	(100)	(376)
Permanent capital allowances in excess of depreciation	498	(72,208)
Research and development tax credit	(8,220)	-
Other permanent differences	-	(10,791)
Other tax adjustments	(40,845)	68,373
Taxation for the year	(57,638)	67,726

10 Intangible fixed assets

	Intellectual property £
Cost	
At 1 January 2016 and 31 December 2016	49,138
Amortisation and impairment	
At 1 January 2016	18,523
Amortisation charged for the year	4,617
At 31 December 2016	23,140
Carrying amount	
At 31 December 2016	25,998
At 31 December 2015	30,615

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	215,767	1,855,268	605,163	20,995	2,697,193
Additions	1,000	216,442	4,966	-	222,408
Disposals	-	(46,211)	-	-	(46,211)
At 31 December 2016	216,767	2,025,499	610,129	20,995	2,873,390
Depreciation and impairment					
At 1 January 2016	11,038	1,075,071	481,560	15,222	1,582,891
Depreciation charged in the year	20,832	192,129	56,156	3,885	273,002
Eliminated in respect of disposals	-	(43,832)	-	-	(43,832)
At 31 December 2016	31,870	1,223,368	537,716	19,107	1,812,061
Carrying amount					
At 31 December 2016	184,897	802,131	72,413	1,888	1,061,329
At 31 December 2015	204,729	890,319	9,596	9,658	1,114,302

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2016 £	2015 £
Plant and machinery	192,221	215,997
Depreciation charge for the year in respect of leased assets	36,276	29,801

12 Investment property

	2016 £
Fair value	
At 1 January 2016	385,000
Disposals	(385,000)
At 31 December 2016	-

Investment property comprised a leasehold property held for resale. The fair value of the investment property as at 31 December 2015 was arrived at on the basis of expected sale price based on market value and was not valued by a chartered surveyor. The property was sold during the year to 31 December 2016 with no gain or loss arising.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Stocks

	2016 £	2015 £
Raw materials and consumables	19,834	-
Work in progress	14,058	-
Finished goods and goods for resale	732,478	511,887
	<u>766,370</u>	<u>511,887</u>

14 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,910,861	2,089,421
Derivative financial instruments	5,824	-
Other debtors	8,725	7,926
Prepayments and accrued income	205,767	87,059
	<u>2,131,177</u>	<u>2,184,406</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,023,850</u>	<u>1,023,850</u>
Total debtors	<u>3,155,027</u>	<u>3,208,256</u>

The company operates an invoice discounting agreement with RBS whereby up to 80% of eligible trade debtors are immediately available to B & B Attachments Limited, subject to full recourse where debts are unrecoverable. Included within creditors is £1,088,858 (2015: £685,008) owed to RBS.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

15 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Obligations under finance leases	17	54,267	72,352
Trade creditors		2,043,381	2,103,461
Other taxation and social security		337,253	406,543
Government grants	21	26,646	28,941
Other creditors		1,108,026	751,953
Accruals and deferred income		32,303	109,687
		<u>3,601,876</u>	<u>3,472,937</u>

The invoice discounting amounts owed to RBS of £1,088,858 (2015: £685,008) which is included in other creditors, are secured on trade debtors.

A loan from Kaup was fully repaid in the year (2015: £261,618) and no amounts were outstanding at year end.

Amounts due under hire purchase agreements are secured on the assets to which they relate.

16 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Obligations under finance leases	17	122,123	163,486
Government grants	21	97,387	124,033
Other creditors		38,308	55,000
		<u>257,818</u>	<u>342,519</u>

17 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Less than one year	54,267	72,352
Between one and five years	122,123	163,486
	<u>176,390</u>	<u>235,838</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Provisions for liabilities

	Notes	2016 £	2015 £
Dilapidation provision		102,000	102,000
Deferred tax liabilities	20	89,046	146,684
		<u>191,046</u>	<u>248,684</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidation provision £
At 1 January 2016 and 31 December 2016	<u>102,000</u>

19 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,943,436	3,121,197
Instruments measured at fair value through profit or loss	5,824	-
	<u></u>	<u></u>
Carrying amount of financial liabilities		
Measured at amortised cost	3,222,018	3,020,101
	<u></u>	<u></u>

Hedging arrangements

The company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows. The contracts are value based on available market data. The company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit or loss.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the company had committed to was £674,076 (2015: £Nil).

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	<u>89,046</u>	<u>146,684</u>

B.& B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20 Deferred taxation (Continued)

	2016 £
Movements in the year:	
Liability at 1 January 2016	146,684
Credit to profit or loss	(57,638)
Liability at 31 December 2016	<u>89,046</u>

21 Government grants

Deferred income is included in the financial statements as follows:

	2016 £	2015 £
Current liabilities	26,646	28,941
Non-current liabilities	97,387	124,033
	<u>124,033</u>	<u>152,974</u>

The government grant relates to a Regional Growth Fund grant towards the expansion of the business. The grant has job creation criteria which has been met and this will be monitored until June 2018. If the job creation is not maintained an element of the grant may become repayable.

22 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	40,090	8,866

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

23 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Cash generated from operations

	2016 £	2015 £
(Loss)/profit for the year after tax	(63,657)	42,032
Adjustments for:		
Taxation (credited)/charged	(57,638)	67,726
Finance costs	32,287	15,422
Fair value gain on financial instrument	(5,824)	-
Gain on disposal of tangible fixed assets	(44,417)	(53,200)
Amortisation and impairment of intangible assets	4,617	5,385
Depreciation and impairment of tangible fixed assets	273,002	235,053
(Decrease)/increase in provisions	-	25,000
Movements in working capital:		
(Increase) in stocks	(254,483)	(74,341)
Decrease/(increase) in debtors	59,053	(670,062)
Increase in creditors	132,627	628,684
(Decrease)/increase in deferred income	(28,941)	152,974
Cash generated from operations	<u>46,626</u>	<u>374,673</u>

25 Financial commitments, guarantees and contingent liabilities

The company has a contingent liability by way of an unlimited cross guarantee with B & B Attachments (1999) Limited and B & B Attachments (Holdings) Limited to support borrowings, which at the year end was nil (2015: nil).

26 Operating lease commitments

Lessee

The operating lease relates to the rental of their operating premises.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	283,861	295,558
Between one and five years	331,673	498,347
	<u>615,534</u>	<u>793,905</u>

B. & B. ATTACHMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	538,570	467,397

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2016 £	2015 £	2016 £	2015 £
Key management personnel of the entity or its parent	-	4,987	16,141	15,507

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016 £	2015 £
Key management personnel of the entity or its parent	-	1,471

No guarantees have been given or received.

28 Controlling party

The ultimate parent company is B & B Attachments (Holdings) Limited and the immediate parent company is B & B Attachments (1999) Limited. Both are companies registered in England and Wales. The accounts are available from Unit 46, Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, Northumberland, NE23 1WD. No company within the group is required to produce consolidated financial statements.

The ultimate controlling party is M R Barton by virtue of his controlling shareholding in the ultimate parent company.