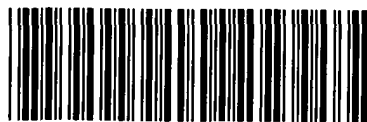


B. & B. Attachments Limited

Annual report

31 December 2019

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B. & B. Attachments Limited

Company information

Directors	M R Barton N W Fowler J W Lamberth S A Little (appointed 1 January 2020)
Company secretary	S A Little
Company number	01532448
Registered office	Unit 46 Colbourne Avenue Nelson Park Industrial Estate Cramlington NE23 1WD
Independent auditors	UNW LLP Chartered Accountants St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	National Westminster PLC 250 Bishopsgate London Greater London EC2M 4AA Royal Bank of Scotland 36 St. Andrew Square Edinburgh EH2 2YB

B. & B. Attachments Limited

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B. & B. Attachments Limited

Strategic report For the year ended 31 December 2019

Introduction

The directors present their report and the financial statements for the year ended 31 December 2019.

Business review

The financial year ended 31 December 2019 saw annual turnover increase by 8%. This is a contrast to the UK forklift truck sales, as they remained flat year on year with the growth in turnover coming from an increase in our export activities. It is encouraging that sales have increased despite uncertainty and challenges posed by Brexit. After a year of consolidation, 2019 has shown significant improvements which have continued in to the 2020 financial year. This, in part, is due to B&B's strong reputation, excellent customer service and relationships within the UK market. The strategic plan to develop our export market has seen export sales grow by 44.6%. A new ERP system was fully integrated in the year, which is designed to support and drive the manufacturing arm of the business.

Profits for the year have been reasonable and the directors are satisfied with the result. The Company has continued to keep costs as low as possible in the face of the increased import costs driven by the fall in sterling. Export is steadily increasing and this should start to pay further dividends in 2020 and 2021. The Company has seen continued pressure in raw material prices and service contracts, driven in large by concerns around the impact of Brexit on UK business.

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 continue to grow in 2020 and will contribute to a steadily improving picture and outlook.

The Directors are grateful to Kaup GmbH, a long-standing trading partner and supplier, for their continued support.

B. & B. Attachments Limited

Strategic report (continued) For the year ended 31 December 2019

Principal risks and uncertainties

The company is exposed to a number of financial risks, namely:

Commodity Price Risk

The company manages commodity risk through competitive sourcing and review of supplier's and competitor's pricing.

Liquidity Risk

The company manages liquidity risk through 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 are UK based. As a result 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.

Regulatory Risk

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 ISO9001:2015 compliant. 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.

Political Risk

Brexit is a risk to the Business, however, until such time a deal is agreed the quantum of the risk is difficult to determine. The main exposure is to trade in goods to and from the EU. As such, any trade or tariff barriers could have a significant impact. In light of the Temporary Trade Tariff issued by HM Government this risk is considered to be significantly lower, as, in the event of a no deal, The Company's products would not attract any additional tariff. In order to ease any import / export with the EU the Company has also been approved for the Temporary Transitional Simplified Procedures put in place by HM Revenue & Customs. The Directors continue to monitor developments and prepare the Business as appropriate

B. & B. Attachments Limited

Strategic report (continued) For the year ended 31 December 2019

Financial key performance indicators

The Directors monitor several KPIs however their main concern is revenue, margin%, EBITDA and overall profitability:

	2019	2018
Revenues (£)	11,587,655	10,685,310
Margin (%)	39.5	39.2
Profit after tax (£)	395,678	11,401
Staff numbers	73	72

Future Developments

The Board remains committed to continuing development of the business and growing turnover and profit. There is a continued focus on export markets and developing international trade relationships. The Board has plans for further international exhibitions in 2020 and 2021.

The Board are keen to promote B&B's own manufactured products and are developing a marketing strategy to promote these within the UK and International markets.

The Board recognises the need to develop IT reporting tools to support the manufacturing process and has already significantly invested with the new ERP system brought online in early 2019. The Board plans to continue development of the Company's online offering and back-office IT systems.

This report was approved by the board on 28 July 2020 and signed on its behalf.



M R Barton
Director

B. & B. Attachments Limited

Directors' report For the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £395,678 (2018 - £11,401).

Directors

The directors who served during the year were, and changes since the year end were as follows:

M R Barton
N W Fowler
J W Lamberth
N D Jackson (resigned 28 June 2019)
S A Little (appointed 2 January 2020)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Since the year end, the business has continued to trade in line with the Board's expectations.

Further to the recent global outbreak of the COVID-19, the Directors continue to assess the potential risk to business operations and prepare for all eventualities. The business has adopted appropriate adjustments to working practices to protect employees' welfare, ensuring adherence to social distancing and other governmental requirements. Furthermore, the supply chain has also adjusted to new working practices and, as a result, the business anticipates minimal disruption. At the time of the signing of these financial statements, there has been no unmanageable impact on either customers or colleagues within the business.

The Directors continue to manage the potential risk that have the ability to impact the liquidity and solvency of the business and are confident that the Board is able to sufficiently mitigate credit and liquidity risk. As a result of the year end liquidity position, the post year end results and the anticipated future activity, the directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future. The Board, therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

B. & B. Attachments Limited

Directors' report (continued) **For the year ended 31 December 2019**

Auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP therefore continue in office.

This report was approved by the board on 28 July 2020 and signed on its behalf, by:



M R Barton
Director

B. & B. Attachments Limited

Directors' responsibilities statement For the year ended 31 December 2019

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 judgments 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 to 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 auditors' report to the members of B. & B. Attachments Limited

Opinion

We have audited the financial statements of B. & B. Attachments Limited [the company] for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material



Independent auditors' report to the members of B. & B. Attachments Limited (continued)

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.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent auditors' report to the members of B. & B. Attachments Limited (continued)

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 an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Michael Morris'.

Michael Morris, ACA FCCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Citygate

28 July 2020

B. & B. Attachments Limited

Statement of comprehensive income For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	11,587,655	10,685,310
Cost of sales		(7,016,113)	(6,501,529)
Gross profit		4,571,542	4,183,781
Administrative expenses		(4,277,849)	(4,160,394)
Other operating income		33,435	37,529
Operating profit	5	327,128	60,916
Interest receivable and similar charges		-	9,001
Interest payable and charges		(52,425)	(44,363)
Profit before tax		274,703	25,554
Tax on profit	8	120,975	(14,153)
Profit for the financial year		395,678	11,401

There was no other comprehensive income for 2019 (2018:£NIL).

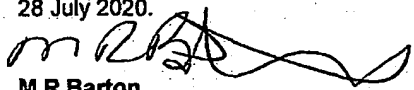
The notes on pages 16 to 30 form part of these financial statements.

B. & B. Attachments Limited

Balance sheet As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	10	72,794	92,593
Tangible fixed assets		942,286	1,149,753
		<u>1,015,080</u>	<u>1,242,346</u>
Current assets			
Stocks	12	1,743,551	1,294,767
Debtors	13	4,020,685	3,416,845
Cash at bank and in hand		332,119	91,711
		<u>6,096,355</u>	<u>4,803,323</u>
Creditors: amounts falling due within one year	14	(5,229,588)	(4,323,106)
Net current assets		<u>866,767</u>	<u>480,217</u>
Total assets less current liabilities		<u>1,881,847</u>	<u>1,722,563</u>
Creditors: amounts falling due after more than one year	15	(195,866)	(274,554)
Provisions for liabilities			
Deferred tax	18	(95,072)	(132,778)
Other provisions	19	(102,000)	(102,000)
		<u>(197,072)</u>	<u>(234,778)</u>
Net assets		<u>1,488,909</u>	<u>1,213,231</u>
Capital and reserves			
Called up share capital	20	50,000	50,000
Profit and loss account		1,438,909	1,163,231
Total equity		<u>1,488,909</u>	<u>1,213,231</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 July 2020.



M R Barton
Director

Company registration number: 01532448

The notes on pages 16 to 30 form part of these financial statements.

B. & B. Attachments Limited

Statement of changes in equity For the year ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	50,000	1,163,536	1,213,536
Profit for the year	-	11,401	11,401
Dividends paid	-	(11,706)	(11,706)
At 1 January 2019	50,000	1,163,231	1,213,231
Profit for the year	-	395,678	395,678
Dividends paid	-	(120,000)	(120,000)
At 31 December 2019	50,000	1,438,909	1,488,909

The notes on pages 16 to 30 form part of these financial statements.

B. & B. Attachments Limited

Statement of cash flows For the year ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	395,678	11,401
Adjustments for:		
Amortisation of intangible assets	22,224	3,700
Depreciation of tangible assets	288,236	278,940
Loss/(gain) on disposal of tangible assets	2,605	(10,655)
Interest paid	52,425	44,363
Investment Income	-	(9,001)
Taxation charge	(128,296)	14,153
(Increase) in stocks	(448,784)	(250,462)
(Increase)/decrease in debtors	(520,551)	469,567
Increase/(decrease) in creditors	180,140	(362,843)
Income tax refunded	-	17,035
Net fair value losses/(gains) recognised in P&L	-	(9,078)
Corporation tax received	45,007	-
Net cash generated from operating activities	(111,316)	197,120
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,425)	(27,858)
Purchase of tangible fixed assets	(83,374)	(190,139)
Sale of tangible fixed assets	-	18,846
Interest received	-	9,001
HP interest paid	(21,000)	-
Net cash from investing activities	(106,799)	(190,150)

B. & B. Attachments Limited

Statement of cash flows (continued) For the year ended 31 December 2019

	2019 £	2018 £
Cash flows from financing activities		
New secured loans	724,288	8,997
Repayment of/new finance leases	(114,340)	(88,559)
Dividends paid	(120,000)	(11,706)
Interest paid	(31,425)	(44,363)
Net cash used in financing activities	458,523	(135,631)
Net increase/(decrease) in cash and cash equivalents	240,408	(128,661)
Cash and cash equivalents at beginning of year	91,711	220,372
Cash and cash equivalents at the end of year	332,119	91,711
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	332,119	91,711
	332,119	91,711

The notes on pages 16 to 30 form part of these financial statements.

B. & B. Attachments Limited

Analysis of Net Debt For the year ended 31 December 2019

	At 1 January 2019 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	91,711	240,408	-	-	332,119
Debt due within 1 year	(946,219)	-	-	(724,288)	(1,670,507)
Finance leases	(318,491)	-	114,340	-	(204,151)
	<u>(1,172,999)</u>	<u>240,408</u>	<u>114,340</u>	<u>(724,288)</u>	<u>(1,542,539)</u>

The notes on pages 16 to 30 form part of these financial statements.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

1. General information

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

Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention and are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgemental in the process of applying company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in note 3.

2.2 Going concern

The uncertainty as to the future impact on the company of the recent COVID-19 outbreak has been considered as part of the company's adoption of the going concern basis.

The Directors have prepared profit and cash flow forecasts for the company to 31 July 2021 under a range of scenarios to ensure maximum stress test on the business cash position. The company is still forecast to retain substantial cash reserves throughout the period to 31 July 2021 after applying these tests and sensitivities.

In addition, the UK government have announced a series of funding and support measures, which the Directors anticipate will be available should there be any additional short to medium term funding requirements. The Directors believe that they will not need any additional support even after applying sensitivities as the forecasts demonstrate that the company can maintain sufficient financial headroom and operate within the current available bank facilities for the foreseeable future.

Based on these assessments, the Directors confirm that they have a reasonable expectation that the company will continue in operation and meet its liabilities as they fall due in the normal course of the business for at least the next twelve months following approval of these financial statements. Accordingly, they continue to prepare the financial statements on a going concern basis.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.3 Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

2.4 Intangible fixed asset and amortisation

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Intellectual property	-	15% reducing balance
Computer software	-	33% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

2.5 Tangible fixed asset and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less their estimated residual value, over their estimated useful lives as follows:

Leasehold property	-	over the period of the lease
Plant and machinery	-	20% straight line or 15% reducing balance
Office and computer equipment	-	33% straight line
Motor vehicles	-	40% reducing balance or 33% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.6 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.

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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 profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.7 Stocks

Stocks are stated at the lower of cost or 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 costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement.

2.8 Financial instruments

Basic debt instruments

The company's basic debt instruments, including trade, intercompany and other debtors and creditors and cash and bank balances are all due within one year and are measured, initially and subsequently, at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Derivative financial instruments

Derivative financial instruments, comprising forward currency contracts, are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in fair value are recognised in the profit and loss account within administrative expenses.

The company does not currently apply hedge accounting for its forward currency contracts.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.9 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.10 Foreign currency

The company's functional currency is the pound sterling. Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. All foreign exchange gains and losses are recognised in the profit and loss account.

2.11 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

2.12 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonably under the circumstances.

The following judgments have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements.

When stock is found to be obsolete it is written off directly to the profit and loss account. Slow moving stock is assessed by management and provided against when the selling price is deemed to be lower than the original cost.

The company considers whether fixed assets are impaired. The useful lives of fixed assets are regularly reviewed and any reduction in the length of the life would result in an impairment charge to the profit and loss account and a reduction in the carrying value of the asset.

The annual charge for fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed regularly. They are amended when necessary to reflect current estimates, future investments, economic utilisation and the physical condition of the assets.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Goods and services	11,587,655	10,685,310
	<u>11,587,655</u>	<u>10,685,310</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,079,188	8,259,073
Rest of Europe	694,198	626,355
Rest of the world	2,814,269	1,799,882
	<u>11,587,655</u>	<u>10,685,310</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	(111,243)	21,159
Government grants	(33,345)	(37,529)
Audit fees	13,000	15,000
Depreciation	288,236	278,940
Profit on disposal of fixed assets	4,037	(10,655)
Amortisation	22,224	3,700
Other operating lease rentals	226,824	319,076

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£	£
Wages and salaries	2,316,954	2,334,528
Social security costs	249,874	213,457
Cost of defined contribution scheme	87,717	52,356
	<u>2,654,545</u>	<u>2,600,341</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Administration	21	21
Distribution	25	26
Production	27	25
	<u>73</u>	<u>72</u>

7. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	368,074	345,755
Company contributions to defined contribution pension schemes	3,464	19,968
	<u>371,538</u>	<u>365,723</u>

During the year retirement benefits were accruing to 4 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £101,724 (2018 - £100,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £10,538).

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	(120,975)	14,153
	<u>(120,975)</u>	<u>14,153</u>
Total current tax	<u>(120,975)</u>	<u>14,153</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(120,975)</u>	<u>14,153</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>274,703</u>	<u>25,554</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	52,194	4,855
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	72,781	(3,325)
Capital allowances for year in excess of depreciation	-	5,312
Adjustments to tax charge in respect of prior periods	(97,600)	79
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(152,950)	-
Other differences leading to an increase (decrease) in the tax charge	4,600	7,232
Total tax charge for the year	<u>(120,975)</u>	<u>14,153</u>

Factors that may affect future tax charges

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

8. Taxation (continued)

The rate of corporation tax throughout the year was 19%. A reduction to 17%, due to come into effect from 1 April 2020, was substantively enacted on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and reflected in these financial statements. However, the current government announced that this reduction would be put on hold and this was confirmed in the recent Budget on 11 March 2020 and the rate will remain at 19% past 1 April 2020. Future deferred tax balances will be measured at 19% once the rate has been substantively enacted.

9. Dividends

	2019 £	2018 £
Dividends paid in the year	120,000	11,706
	<u>120,000</u>	<u>11,706</u>

10. Intangible assets

	Computer software £	Intellectual property £	Total £
Cost			
At 1 January 2019	156,331	49,138	205,469
Additions	2,425	-	2,425
At 31 December 2019	<u>158,756</u>	<u>49,138</u>	<u>207,894</u>
Amortisation			
At 1 January 2019	82,503	30,373	112,876
Charge for the year	19,402	2,822	22,224
At 31 December 2019	<u>101,905</u>	<u>33,195</u>	<u>135,100</u>
Net book value			
At 31 December 2019	<u>56,851</u>	<u>15,943</u>	<u>72,794</u>
At 31 December 2018	<u>73,828</u>	<u>18,765</u>	<u>92,593</u>

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

11. Tangible fixed assets

	Leasehold improve- ments £	Plant and machinery £	Office and computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2019	308,277	2,374,968	229,938	26,695	2,939,878
Additions	-	83,158	216	-	83,374
Disposals	-	(121,937)	-	(5,700)	(127,637)
At 31 December 2019	308,277	2,336,189	230,154	20,995	2,895,615
Depreciation					
At 1 January 2019	102,408	1,506,197	160,217	21,303	1,790,125
Charge for the year	29,575	230,158	24,351	4,152	288,236
Disposals	-	(119,332)	-	(5,700)	(125,032)
At 31 December 2019	131,983	1,617,023	184,568	19,755	1,953,329
Net book value					
At 31 December 2019	176,294	719,166	45,586	1,240	942,286
At 31 December 2018	205,869	868,771	69,721	5,392	1,149,753

The net book value of assets held under finance leases, included above, are as follows:

	2019 £	2018 £
Plant and machinery	315,755	367,572
Computer equipment	26,131	37,331
	<u>341,886</u>	<u>404,903</u>

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

12. Stocks

	2019 £	2018 £
Raw materials	54,939	35,692
Work in progress	105,706	217,695
Finished goods	1,582,906	1,041,380
	<u>1,743,551</u>	<u>1,294,767</u>

The provision for slow-moving and obsolete stock is £30,000 (2018: £nil).

13. Debtors

	2019 £	2018 £
Trade debtors	2,380,483	1,822,057
Amounts owed by group undertakings	1,254,853	1,280,140
Other debtors	127,137	43,015
Prepayments and accrued income	258,212	271,633
	<u>4,020,685</u>	<u>3,416,845</u>

Included in the above note are amounts falling due after more than one year of £1,254,853 (2018: £1,280,140).

14. Creditors: amounts falling due within one year

	2019 £	As restated 2018 £
Invoice discounting facility	1,670,507	946,219
Trade creditors	2,957,975	2,852,512
Other taxation and social security	431,076	332,838
Obligations under finance lease and hire purchase contracts	67,081	114,104
Other creditors	12,015	-
Accruals and deferred income	90,934	77,433
	<u>5,229,588</u>	<u>4,323,106</u>

Amounts owed under the invoice discounting facility agreement amount to £1,670,507 (2018: £946,219). This amount is secured on the company's trade debtors. The invoice discounting facility was reclassified from Other Creditors in 2018 and therefore the note has been restated.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

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

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	137,070	204,387
Government grants received	58,796	70,167
	<u>195,866</u>	<u>274,554</u>

16. Finance leases

Minimum lease payments under finance lease fall due as follows:

	2019 £	2018 £
Within one year	67,801	114,104
Between 1-5 years	136,586	170,756
Over 5 years	-	33,631
	<u>204,387</u>	<u>318,491</u>

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>332,119</u>	<u>91,711</u>

Hedging instruments

The company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows. The contracts are valued 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 the profit or loss.

At the year-end, the total carrying amount of outstanding foreign exchange forward contracts that the company had committed to was £85,837 (2018: £621,814).

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

18. Deferred taxation

	2019 £
At beginning of year	(132,778)
Charged to profit or loss	37,706
At end of year	(95,072)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Provision at start of period	(132,778)	(120,414)
Adjustment in respect of prior years	14,331	-
Deferred tax charge for the year	23,375	(12,364)
	(95,072)	(132,778)

19. Provisions

	Dilapidation provision £
At 1 January 2019	102,000
At 31 December 2019	102,000

The dilapidation provision relates to the property occupied by the company at Unit 46 Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, NE23 1WD and is expected to be utilised at the end of the lease term.

20. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
50,000 (2018 - 50,000) Ordinary Shares shares of £1.00 each	50,000	50,000

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

21. Government grants

	2019 £	2018 £
Current liabilities	11,371	12,781
Non-current liabilities	58,796	70,167
	<u>70,167</u>	<u>82,948</u>

22. Pension commitments

The company contributes to employees and directors' private pension plans. The pension cost charge represents contributions payable by the company to the plans and amounted to £87,717 (2018: £83,615). Contributions totaling £12,018 (2018: £nil) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

Future minimum lease payments under non cancellable operating leases fall due as follows:

	2019 £	2018 £
Not later than 1 year	109,713	274,021
Later than 1 year and not later than 5 years	65,531	104,307
	<u>175,244</u>	<u>378,328</u>

24. Related party transactions

Included within other debtors is £54,670 (2018: £79,957) owed to the company from Colbourne Investments Limited.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

B. & B. Attachments Limited

Notes to the financial statements For the year ended 31 December 2019

25. Ultimate controlling parties

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 registered address of both companies is Unit 46, Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, Northumburland, NE23 1WD. Their financial statement are available from this address.

The smallest and largest group for which consolidated accounts are drawn up are prepared by B&B Attachments (1999) Limited. These accounts are available from their registered office, listed above.

The ultimate parent company is Mr M R Barton, by virtue of his majority shareholding of the ultimate parent company.