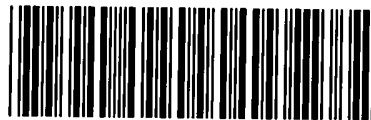


Company Registration No. 01966114 (England and Wales)

B T Q LIMITED
CONSOLIDATED REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

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B T Q LIMITED

COMPANY INFORMATION

Directors	A D Dorrell I P Mitchell C I Dorrell A C James
Secretary	D Thompson
Company number	01966114
Registered office	Wathen Street Staple Hill Bristol BS16 5LL
Auditor	RSM UK Audit LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD
Bankers	Lloyds Bank Plc PO Box 1000 Corn Street Bristol BX1 1LT

B T Q LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and consolidated financial statements for the year ended 31 December 2016.

Review of the business

Demand for the UK company's products and services continued to be strong during the year with a good spread of UK and overseas customers. In the US, although there is a consistent demand for heat and flame protective clothing, some industrial garment markets are tough due to continued low oil prices. This has resulted in overall group turnover being down by 2.5% and profit before tax falling by 49% to a return on sales of 3.2% (2015 – 6.2%). The US companies have implemented cost reduction measures as oil prices are likely to remain low for the foreseeable future.

As expected, tangible fixed assets reduced by 30% as a result of the continuing depreciation policy of leased assets. Higher activity at the end of 2016 resulted in an increase in stocks and debtors compared to last year. Long term liabilities have reduced by 43%. Overall net assets have increased by 10% to £21.1m and the group holds a strong cash position.

The UK companies and US companies run independently, but both regularly track Sales Opportunities, Order Load, Sales, Overdues, Accounts Contribution, Overhead Variances to Budget, Net Profit, Cash Generation, Debtor Days, Stock Levels and Quality.

In the UK, 2016 has seen a 84% increase in the closing order load, which will yield a strong start to 2017 although constraints in production have increased lead times and some increase in overdue orders. Planning is underway to increase our capacity in 2017. Margins have been improved in 2016 by one percentage point over the previous year, partly due to contracts denominated in foreign currency that shipped towards the end of the year and partly due to customer/product mix. In contrast, the weaker Sterling will put pressure on our margins in 2017 as many of our material costs are in Euros. As a result of increased activity, stocks are up 46% compared to the previous year, which is also the highest level for recent years. The UK consolidated trade debtor days have increased by 25 to 65 due to high sales in the final two months of the year.

In the US, there has been a sharp decline in demand for our products from the Energy sector as oil prices declined significantly and investment in exploration and new oil wells has slowed. Planning and cost reduction programs are ongoing as management do not expect increases in crude oil prices in the short/medium term. In contrast, the municipal fire service sector has seen more stability in 2016 which has helped to offset the volume losses that have occurred in the Energy sector. Modest growth in the Fire Service sector has continued in 2017.

Principal risks and uncertainties and matters of strategic importance

The Board of B T Q Limited, via the boards of the group's operating companies, considers the principal risks of the business as follows:

Market conditions

Close working relations are maintained with both the group's supply chain and customers in order to monitor market and technology changes. The directors continually monitor competitor products and services in addition to related markets. The Board believes that the geographical spread and quantity of the group's customers reduces its risk of dependence in the market place. Whilst the group recognises that the current global economic climate is impacting on public sector decision making with regard to expenditure on the group's products, the Board believes this to be mitigated by the nature of its contracts. The group purchases some materials, subcontracts some manufacturing and sells some products to the European Union, many of which are denominated in Euros. Equally the group also has a globally diverse customer base extending outside the European Union. The Board therefore believes that Brexit will present both risks and opportunities and is keeping a watching brief on developments.

Fixed Assets

Authority limits set by the Board are in place for the purchase of fixed assets, combined with appropriate security arrangements and insurance cover.

B T Q LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Debtors and Credit Risk

The principal credit risk arises from trade debtors. Credit limits and credit terms are set for customers based on a combination of payment history and third party credit references. In order to mitigate overseas debtor risk a suitable insurance policy is used where appropriate. Credit limits are regularly reviewed in conjunction with debt ageing and collection history. The directors regard the scale, spread and type of customers as being a safeguard against the risk of default. Stringent credit control procedures are in place at order entry and dispatch stages.

Stocks

Authorisation limits are in place for the purchase of materials together with appropriate minimum and maximum order levels. All categories of stock are monitored in relation to market and technology changes and customers' requirements. Ageing of stock is closely analysed and due allowance provided for obsolete and slow moving items. Insurance cover is maintained for stocks. When appropriate, the group enters into arrangements to make future purchases of stock at an agreed price.

Exchange Rates

Currency exposure is analysed and monitored at least monthly by the Board of each operating company. Appropriate forward contracts are placed to minimise the effect of exchange rate movements.

By order of the Board



I P Mitchell
Director

Date: 21/08/2017

B T Q LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Principal activities

The group's principal activities during the year continued to be the design, manufacture, supply and care of garments and equipment for people at work. The principal activity of the company remains that of the holding company for the group. The directors consider the results for the year to be satisfactory.

Directors

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

A D Dorrell
I P Mitchell
C I Dorrell
A C James

Results and dividends

The profit for the year, after taxation, amounted to £863,000 (2015 – £1,213,000). The directors recommended dividends of £186,560 (2015 – £175,440) during the year. Details of proposed dividends are disclosed in Note 12.

Future developments

The directors remain confident that the prospects for future trading continue to be good. This has been bolstered by a major contract win in the UK market, likely to require expansion in capacity including recruitment.

Disabled persons

The group will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. The group did not employ any registered disabled persons during the year.

Employee involvement

The group encourages feedback from employees on all matters of operation and management in the running of the business.

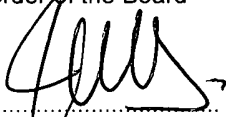
Auditor

RSM UK Audit LLP has indicated its willingness to continue in office and its reappointment will be proposed in accordance with section 485 of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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.

By order of the Board



I P Mitchell
Director

Date: 21/08/2017

B T Q LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

B T Q LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF B T Q LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the 'financial statements') on pages 6 to 31. 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 Financial Reporting Standard 102, 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 group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

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 any 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.



Kathryn Reid (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55 – 61 Victoria Street
Bristol
BS1 6AD

Date: 22/8/17

B T Q LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Turnover	3	27,182	27,884
Operating costs	4	(26,068)	(25,882)
Share of profits distributed to employees		(252)	(277)
		<hr/>	<hr/>
Operating profit	5	862	1,725
Interest receivable and similar income	9	27	9
Interest payable and similar charges	10	(3)	–
		<hr/>	<hr/>
Profit before taxation		886	1,734
Taxation	11	(23)	(521)
		<hr/>	<hr/>
Profit for the financial year		863	1,213
Other comprehensive income			
Currency translation differences		1,204	341
		<hr/>	<hr/>
Total comprehensive income for the year		<u>2,067</u>	<u>1,554</u>

Total comprehensive income for the year is fully attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

B T Q LIMITED

Company Registration No. 01966114

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2016**

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Goodwill	13		57		120
Other intangible assets	13		182		236
Total intangible assets			239		356
Tangible assets	14		3,911		5,572
			4,150		5,928
Current assets					
Stocks	17	7,779		6,676	
Debtors	18	5,646		4,367	
Cash at bank and in hand		7,433		6,681	
		20,858		17,724	
Creditors: amounts falling due within one year	19	(3,166)		(3,471)	
Net current assets			17,692		14,253
Total assets less current liabilities			21,842		20,181
Creditors: amounts falling due after more than one year	20		(235)		(409)
Provisions for liabilities	21		(470)		(515)
Net assets			21,137		19,257
Capital and reserves					
Called up share capital	23		26		26
Share premium account	24		48		48
Capital redemption reserve	24		1		1
Capital reserve	24		226		226
Profit and loss reserves	24		20,836		18,956
Total equity			21,137		19,257

The financial statements were approved by the board of directors and authorised for issue on21/08..... 2017 and are signed on its behalf by:


 I P Mitchell
 Director

B T Q LIMITED

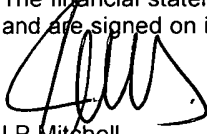
Company Registration No. 01966114

COMPANY STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2016**

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Investments	15		8,930		8,930
Current assets					
Debtors	18	1,279		1,279	
Cash at bank and in hand		159		192	
		<u>1,438</u>		<u>1,471</u>	
Creditors: amounts falling due within one year	19	<u>(1,359)</u>		<u>(1,328)</u>	
Net current assets			79		143
Total assets less current liabilities			<u>9,009</u>		<u>9,073</u>
Net assets			<u>9,009</u>		<u>9,073</u>
Capital and reserves					
Called up share capital	23		26		26
Share premium account	24		48		48
Capital redemption reserve	24		1		1
Profit and loss reserves	24		8,934		8,998
Total equity			<u>9,009</u>		<u>9,073</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes. The company's profit for the year was £123,000 (2015 – £1,516,000).

The financial statements were approved by the board of directors and authorised for issue on 21/08 2017 and are signed on its behalf by:


I P Mitchell
Director

B T Q LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2015		25	48	1	226	17,577	17,877
Year ended 31 December 2015							
Profit for the year		–	–	–	–	1,213	1,213
Other comprehensive income:							
Currency translation differences on overseas subsidiaries		–	–	–	–	341	341
Dividends	12	–	–	–	–	(175)	(175)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the year		–	–	–	–	1,379	1,379
Issue of share capital		1	–	–	–	–	1
		<u>1</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1</u>
Balance at 31 December 2015		26	48	1	226	18,956	19,257
Year ended 31 December 2016							
Profit for the year		–	–	–	–	863	863
Other comprehensive income:							
Currency translation differences on overseas subsidiaries		–	–	–	–	1,204	1,204
Dividends	12	–	–	–	–	(187)	(187)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the year		–	–	–	–	1,880	1,880
Issue of share capital	23	–	–	–	–	–	–
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Balance at 31 December 2016		26	48	1	226	20,836	21,137

B T Q LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2015		25	48	1	7,657	7,731
Year ended 31 December 2015						
Profit and total comprehensive income for the year		–	–	–	1,516	1,516
Dividends	12	–	–	–	(175)	(175)
Issue of share capital		1	–	–	–	1
Balance at 31 December 2015		26	48	1	8,998	9,073
Year ended 31 December 2016						
Profit and total comprehensive income for the year		–	–	–	123	123
Dividends	12	–	–	–	(187)	(187)
Issue of share capital	23	–	–	–	–	–
Balance at 31 December 2016		26	48	1	8,934	9,009

B T Q LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Cash flows from operating activities					
Cash generated from operations	31		2,260		6,571
Interest paid			(3)		—
Income taxes paid			(104)		(397)
Net cash inflow from operating activities			2,153		6,174
Investing activities					
Purchase of intangible assets		(20)		(65)	
Purchase of tangible fixed assets		(1,410)		(1,693)	
Acquisition of subsidiary		—		(1,279)	
Proceeds on disposal of tangible fixed assets		174		17	
Interest received		27		9	
Net cash used in investing activities			(1,229)		(3,011)
Financing activities					
Proceeds from issue of shares		—		1	
Increase in bank loans		270		—	
Repayment of non-recourse financing		(339)		(655)	
Dividends paid to equity shareholders		(187)		(175)	
Net cash used in financing activities			(256)		(829)
Net increase in cash and cash equivalents			668		2,334
Cash and cash equivalents at beginning of year			6,681		4,314
Effect of foreign exchange rates			84		33
Cash and cash equivalents at end of year			7,433		6,681
Relating to:					
Cash at bank and in hand			7,433		6,681
Bank overdrafts included in creditors payable within one year			—		—
			7,433		6,681

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

B T Q Limited ('the company') is a limited company domiciled and incorporated by shares in England and Wales. The registered office and principal place of business is Wathen Street, Staple Hill, Bristol, BS16 5LL.

The group consists of B T Q Limited and all of its subsidiaries. The principal activities of the company and its subsidiaries are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 whole £1,000, except where otherwise indicated.

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

Reduced disclosures

The company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of B T Q Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. All financial statements are made up to 31 December each year.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

Going concern

At the time of approving the financial statements and after reviewing the group's current performance, forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced for goods and services during the year, exclusive of Value Added Tax, as adjusted for deferred income at the year-end where invoicing is in advance of the supply of goods and services.

Intangible fixed assets – goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit or loss over its estimated economic life.

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of between 10 and 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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:

Goodwill	10-20 years straight line
Software	3-7 years straight line
Brand name	10 years straight line
Customer relationships	10 years straight line

Tangible fixed assets

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

Depreciation 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:

Freehold land	Not depreciated
Freehold buildings	40-50 years straight line
Plant, equipment and vehicles	3-10 years straight line

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 recognised in the income statement.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	Purchase cost on a first-in, first-out basis
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Investments

Investments in subsidiary undertakings are recorded at cost. This is assessed for impairment should any indicators of impairment be identified by the directors.

Cash and cash equivalents

Cash and cash equivalents 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.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

Financial instruments

The group 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 assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through or are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through or are measured at fair value.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group are recorded at the 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 group.

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 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

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and in the tax computation, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The group operates a defined contribution pension scheme, covering certain of its permanent employees. The scheme funds are administered by trustees and are independent of the group's finances. The group's contributions are charged against profits in the year in which contributions are made.

Leases

Any leased assets are initially recorded at cost as a fixed asset, and are written off over the period of the lease. The income generated from these assets is recognised in profit or loss, evenly over the period of the lease.

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.

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 T Q 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 group'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. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Carrying value of goodwill

The recoverable amount of goodwill is based on value in use, which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and future earnings growth.

Depreciation of equipment held under lease

The directors make an estimate of the depreciation that should be charged on equipment leased to customers, on the basis of the expected cost of issuing replacement equipment under the terms of the underlying contractual arrangements.

3 Turnover and other revenue

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

	2016	2015
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	12,405	13,235
Rest of the World	14,777	14,649
	<hr/>	<hr/>
	27,182	27,884
	<hr/>	<hr/>

During the year the group received £5,432,746 (2015 – £5,343,040) of income relating to assets leased under operating leases. The analysis of turnover by class of business has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the group.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Operating costs

Operating costs as disclosed in the statement of comprehensive income can be further analysed as follows:

	2016 £'000	2015 £'000
Turnover	27,182	27,884
Cost of sales	(18,200)	(18,118)
Gross profit	8,982	9,766
Distribution costs	(1,037)	(1,113)
Administrative expenses	(6,831)	(6,651)
Share of profits distributed to employees	(252)	(277)
Operating profit	862	1,725

5 Operating profit

	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains) / losses	(6)	(32)
Depreciation of owned tangible fixed assets	3,334	3,499
Loss on disposal of tangible fixed assets	29	—
Operating lease charges	347	314
Amortisation of intangible assets	141	108
Cost of stocks recognised as an expense	14,916	14,741

6 Auditor's remuneration

	2016 £'000	2015 £'000
Fees paid to group auditor and affiliates for the audit of the parent company's annual accounts:	8	8
Audit of the accounts of subsidiaries	67	62
Taxation compliance services	20	19
All other non-audit services	17	8
	112	97

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Employees

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

	Group 2016 Number	Group 2015 Number	Company 2016 Number	Company 2015 Number
Production staff	226	238	–	–
Sales and administration staff	54	55	4	4
	<u>280</u>	<u>293</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Wages and salaries	6,079	5,879	70	54
Social security costs	638	652	6	6
Pension costs	192	176	4	3
Share of profits distributed to employees	252	277	–	–
	<u>7,161</u>	<u>6,984</u>	<u>80</u>	<u>63</u>

8 Directors' remuneration

	2016 £'000	2015 £'000
Remuneration for qualifying services	377	350
Company pension contributions to defined contribution schemes	30	30
Employer's national insurance contributions	26	24
	<u>433</u>	<u>404</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 – 1). Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £'000	2015 £'000
Remuneration for qualifying services	185	180
Company pension contributions to defined contribution schemes	30	30
	<u>215</u>	<u>210</u>

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest income		
Interest on bank deposits	27	4
Other interest income	–	5
	<hr/>	<hr/>
	27	9
	<hr/>	<hr/>

10 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3	–
	<hr/>	<hr/>

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Taxation

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits for the current period	328	341
Adjustments in respect of prior periods	(7)	(4)
	<hr/>	<hr/>
Total UK current tax	321	337
Foreign current tax on profits for the current period	(96)	37
Foreign tax adjustments in respect of prior periods	(75)	–
	<hr/>	<hr/>
Total current tax	150	374
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	(152)	147
Change in tax rates	25	–
	<hr/>	<hr/>
Total deferred tax	(127)	147
	<hr/>	<hr/>
Total tax charge	23	521
	<hr/>	<hr/>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016 £'000	2015 £'000
Profit before taxation	886	1,734
	<hr/>	<hr/>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%)	177	351
Expenses not deductible for tax purposes	1	17
Adjustments in respect of prior years	(82)	(4)
Other short-term timing differences	–	1
Effect of overseas tax rates	(113)	50
Marginal rate relief	–	3
Adjust deferred tax to reconciliation rate	274	234
Fixed asset differences	(234)	(131)
	<hr/>	<hr/>
Tax charge for the year	23	521
	<hr/>	<hr/>

Factors that may affect future tax charges

The main rate of corporation tax in the UK will be reduced to 19% from 1 April 2017 and to 17% from 1 April 2020.

B T Q LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****12 Dividends**

	2016 £'000	2015 £'000
Final paid	150	127
Interim paid	37	48
	<u>187</u>	<u>175</u>

In addition to the dividends disclosed above, since the balance sheet date the directors have proposed dividends totalling £129,120 (2015 – £127,200) in respect of the year's results and an interim dividend of £18,720 in respect of the financial year ended 31 December 2017. Those dividends are not recognised as a liability at the balance sheet date.

13 Intangible fixed assets

Group	Goodwill £'000	Brand name £'000	Customer relationships £'000	Software £'000	Total £'000
Cost					
At 1 January 2016	1,159	37	46	497	1,739
Additions - external	–	–	–	20	20
Disposals	–	–	–	(117)	(117)
Exchange adjustments	108	–	–	–	108
	<u>1,267</u>	<u>37</u>	<u>46</u>	<u>400</u>	<u>1,750</u>
At 31 December 2016	1,267	37	46	400	1,750
Amortisation					
At 1 January 2016	1,039	3	4	337	1,383
Charge for the period	67	4	4	66	141
On disposals	–	–	–	(117)	(117)
Exchange adjustments	104	–	–	–	104
	<u>1,210</u>	<u>7</u>	<u>8</u>	<u>286</u>	<u>1,511</u>
At 31 December 2016	1,210	7	8	286	1,511
Carrying amount					
At 31 December 2016	57	30	38	114	239
At 31 December 2015	120	34	42	160	356

The amortisation of intangible assets is included within operating costs.

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Tangible fixed assets

Group	Freehold land and buildings £'000	Plant, equipment & motor vehicles £'000	Total £'000
Cost			
At 1 January 2016	3,899	23,279	27,178
Additions	83	1,327	1,410
Disposals	(423)	(403)	(826)
Exchange adjustments	618	326	944
At 31 December 2016	4,177	24,529	28,706
Amortisation			
At 1 January 2016	1,009	20,597	21,606
Charge for the period	118	3,216	3,334
Eliminated in respect of disposals	(238)	(385)	(623)
Exchange adjustments	179	299	478
At 31 December 2016	1,068	23,727	24,795
Carrying amount			
At 31 December 2016	3,109	802	3,911
At 31 December 2015	2,890	2,682	5,572

Freehold land and buildings includes £682,000 (2015 – £726,000) in respect of land which is not depreciated.

Included in plant and equipment are assets available for lease with a cost of £20,594,000 (2015 – £19,439,000) and net book value of £601,000 (2015 – £2,709,000).

The company had no tangible fixed assets at 31 December 2016 or 31 December 2015.

BTQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Fixed asset investments

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Investments in subsidiaries	—	—	8,930	8,930

Company name	Country	Holding	Type	Business
BTQ Holdings Limited	England & Wales	100.00%	Ordinary	Dormant
Bristol Managed Services Limited	England & Wales	100.00%	Ordinary	Managed services
Bristol Uniforms Limited	England & Wales	100.00%	Ordinary	Garment supply
Bell Apparel Limited	England & Wales	100.00%	Ordinary	Garment supply
Bufire Overseas Limited *	England & Wales	100.00%	Ordinary	Dormant
Bristol Care Limited *	England & Wales	100.00%	Ordinary	Dormant
BTQ Inc	Kentucky, USA	100.00%	Common	Holding company
Topps Safety Apparel Inc **	Kentucky, USA	100.00%	Common	Garment supply
Bristol Fire Apparel Inc **	Indiana, USA	100.00%	Common	Garment supply
Quaker Safety Products Corporation **	Pennsylvania, USA	100.00%	Common	Garment supply

*Held by Bristol Uniforms Limited

**Held by BTQ Inc

The registered office of the UK companies is Wathen Street, Staple Hill, Bristol, BS16 5LL. The registered office of BTQ Inc, Topps Safety Apparel Inc and Bristol Fire Apparel Inc is 2516 E. State Road 14, PO Box 750, Rochester, Indiana 46975 USA. The registered office of Quaker Safety Products Corporation is 1121 Richland Commerce Drive, Suite A, Quakertown, PA 18951-2518 USA.

16 Financial instruments

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,550	3,369	1,279	1,279
Equity instruments measured at cost less impairment	—	—	8,930	8,930
Carrying amount of financial liabilities				
Measured at amortised cost	3,118	3,560	1,357	1,324

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17 Stocks

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Raw materials and consumables	3,507	2,710	–	–
Work in progress	1,646	1,135	–	–
Finished goods	2,608	2,815	–	–
Demonstration stock	18	16	–	–
	<u>7,779</u>	<u>6,676</u>	<u>–</u>	<u>–</u>

The difference between purchase price or production cost of stocks and their replacement costs is not considered material.

18 Debtors

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Amounts falling due within one year:				
Trade debtors	4,286	3,258	–	–
Amounts due from group undertakings	–	–	1,279	1,279
Other debtors	264	111	–	–
Prepayments and accrued income	419	335	–	–
Deferred tax asset (see below)	677	663	–	–
	<u>5,646</u>	<u>4,367</u>	<u>1,279</u>	<u>1,279</u>

There are no fixed repayment terms associated with the amount due from group undertakings, and the directors consider that the majority of this balance will be recovered in more than one year.

The deferred tax asset includes £97,000 (2015 – nil) considered to fall due after more than one year. Further details of deferred tax assets and liabilities are given in note 22.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Creditors: falling due within one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank loans	105	–	–	–
Trade creditors	1,388	1,499	–	–
Corporation tax payable	154	172	2	4
Other taxation and social security	129	148	–	–
Amounts due to group undertakings	–	–	1,343	1,306
Other creditors	366	753	–	–
Accruals and deferred income	1,024	899	14	18
	<u>3,166</u>	<u>3,471</u>	<u>1,359</u>	<u>1,328</u>

A US subsidiary has a line of credit of US\$0.5m (2015 – US\$0.5m) available to it which incurs an interest charge at the higher of the US prime rate and 4.5%. No borrowings had been made against this line of credit at 31 December 2016 (2015 – US\$nil). Borrowings are secured against that company's assets.

The term loan is secured by real estate. Interest is computed at 3.5% per annum and monthly instalments are payable until 30 September 2019.

20 Creditors: falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank loans	165	–	–	–
Other creditors	70	409	–	–
	<u>235</u>	<u>409</u>	<u>–</u>	<u>–</u>

Included within other creditors are balances due under non-recourse financing arrangements with commercial lenders in respect of sales contracts. The balance matures over the following periods:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Amounts repayable in:				
Less than one year	340	655	–	–
More than one year but not more than two	67	340	–	–
More than one year but not more than five	–	69	–	–
	<u>407</u>	<u>1,064</u>	<u>–</u>	<u>–</u>

The term loan is secured by real estate. Interest is computed at 3.5% per annum and monthly instalments are payable until 30 September 2019.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 Provisions for liabilities

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Deferred tax liabilities (see note 22)	470	515	–	–

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

	Group 2016 £'000	Group 2015 £'000
Balances		
Fixed asset timing differences	670	556
Short-term timing differences	7	8
Overseas short-term timing differences	(470)	(416)
	<u>207</u>	<u>148</u>
Presented as follows:		
Included in assets	677	663
Included in liabilities	(470)	(515)
	<u>207</u>	<u>148</u>

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

	Group 2016 £'000	Group 2015 £'000
Movements in the year:		
Asset at start of year	148	295
Credit/(charge) to profit or loss	152	(147)
Effect of change in tax rate – profit or loss	(25)	–
Exchange adjustments	(68)	–
	<u>207</u>	<u>148</u>
Asset at end of year	<u>207</u>	<u>148</u>

The deferred tax asset set out above in respect of fixed asset timing differences is expected to reverse over the life of the asset. The deferred tax asset set out above in relation to short-term timing differences is expected to reduce in the next 12 months. The deferred tax liability set out above in relation to overseas short-term timing differences is expected to reduce in the next 12 months.

The company has no deferred tax assets or liabilities.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

23 Share capital

	Group and company 2016 £'000	Group and company 2015 £'000
Ordinary share capital		
Authorised, issued and fully paid		
25,440 (2015 – 25,440) ordinary shares of £1 each	25	25
640 (2015 – 560) ordinary A shares of £1 each	1	1
	<hr/>	<hr/>
	26	26
	<hr/>	<hr/>

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.

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

	Ordinary Number	Ordinary A Number
Reconciliation of movements during the year:		
At 1 January 2016	25,440	560
Issue of fully paid shares	-	80
	<hr/>	<hr/>
At 31 December 2016	25,440	640
	<hr/>	<hr/>

A further 80 ordinary A shares were issued after the year end.

24 Reserves

Share premium

The share premium account reflects the consideration received for shares issued above their nominal value, net of transaction costs.

Capital redemption reserve

The capital redemption reserve reflects the nominal value of own shares which have been repurchased and subsequently cancelled.

Capital reserve

The capital reserve reflects the value of negative goodwill arising upon a historic business combination.

Profit and loss reserves

The profit and loss reserves reflect cumulative profits and losses net of distributions to shareholders.

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

25 Financial commitments, guarantees and contingent liabilities

A US subsidiary has had two product liability lawsuits brought against it specifying an asbestos related liability. As the company has never manufactured any product containing asbestos, management believes these claims are without merit and therefore has not provided any sums with regard to these claims.

The US subsidiary has a product liability lawsuit brought against it specifying personal injuries caused by the defective manufacture of bunker pants. Management believes the claim is without merit and therefore has not provided any sums with regard to this claim.

The company is a member of a group VAT registration and is jointly and severally liable for the group VAT liability. The members of the VAT group are Bristol Uniforms Limited, Bristol Managed Services Limited and B T Q Limited. The year-end group VAT position was in a £10,000 repayment position (2015 – £60,000 liability).

26 Commitments

Lessee

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

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Leases expiring:				
Within one year	331	283	–	–
Between two and five years	392	311	–	–
	<u>723</u>	<u>594</u>	<u>–</u>	<u>–</u>

Lessor

The group receives lease income under managed services contracts relating to Personal Protective Equipment for firefighters. Lease terms are between three and ten years in length. At the reporting end date, the group had contracted with customers for the following minimum income under equipment leasing arrangements:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Leases expiring:				
Within one year	4,236	5,418	–	–
Between two and five years	4,711	8,699	–	–
In over five years	1,052	1,300		
	<u>9,999</u>	<u>15,417</u>	<u>–</u>	<u>–</u>

Other commitments

The group enters into agreements whereby purchases of materials within a fixed period will be at a fixed price. The value of the outstanding, unprovided commitments at the year end was £2,048,932 (2015 – £943,762). There was no commitment at the year end to purchase machinery (2015 – £14,028).

B T Q LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

27 Retirement benefit schemes

The group operates two pension schemes. In the UK a defined contribution scheme is operated. The assets of the scheme are held separately from those of the group. The contributions to the scheme are charged to the statement of comprehensive income as they become payable. A US trading subsidiary operates an elective contribution plan, in which the subsidiary contributes an amount of 25% of the employees' contributions up to 5% of their compensation. The contributions to the scheme are charged to the statement of comprehensive income as they become payable.

28 Ultimate controlling party

In the opinion of the directors there is no ultimate controlling party.

29 Related party transactions

The directors consider key management personnel to be the directors. Remuneration is disclosed in Note 8. The group has taken advantage of the exemption under Section 33 of FRS 102 and has not reported details of transactions or balances between wholly-owned companies.

30 Directors' transactions

During the year dividends were paid to the following directors:

	2016 £'000	2015 £'000
A D Dorrell	64	70
C I Dorrell	19	21
A C James	32	35
I P Mitchell	17	5
	<hr/>	<hr/>
	132	131
	<hr/>	<hr/>

31 Cash generated from operations

	2016 £'000	2015 £'000
Profit for the year after tax	863	1,213
Adjustments for:		
Taxation charged	23	521
Finance costs	3	—
Investment income	(27)	(9)
Loss on disposal of tangible fixed assets	29	—
Amortisation and impairment of intangible assets	141	108
Depreciation and impairment of tangible fixed assets	3,334	3,499
Exchange differences	650	175
Movements in working capital:		
(Increase)/decrease in stocks	(1,103)	342
(Increase)/decrease in debtors	(1,265)	106
(Decrease)/increase in creditors	(388)	616
	<hr/>	<hr/>
Cash generated from operations	2,260	6,571
	<hr/>	<hr/>