

# **BOLLIN GROUP LIMITED**

## **REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



Company Registration No. 02404333 (England and Wales)

# **BOLLIN GROUP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**YEAR ENDED 31 DECEMBER 2017**

---

### **Directors**

S J Cann

H A Cann

### **Company secretary**

S J Cann

### **Registered Office**

Bailey Court

Green Street

Macclesfield

SK10 1JQ

### **Auditor**

MHA Moore and Smalley

Richard House

9 Winckley Square

Preston

PR1 3HP

## **BOLLIN GROUP LIMITED**

### **STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2017**

---

The directors present their Strategic report and results of the Group for the year ended 31 December 2017.

#### **Principal Activity**

The Group continues to manufacture, market and distribute premium branded consumer clothing and accessories.

#### **Review of the business**

The result for the current year was in line with the directors' expectations.

The UK voted to leave the European Union and as a consequence of this sterling suffered a significant reduction in value. This had a negative impact on margins as the company buys its goods in foreign currency.

#### **Development and performance of the business**

The Group continues to develop its portfolio of branded distribution agreements, notable extensions to this range were Niteize, Eagle Nest Outfitters and Thermocell. It also continues to look for strategic acquisitions to intergrate into its existing operations.

In addition the business focuses on growing its own brands and its export business.

The Group is investing in R&D with an emphasis on the Outdoor and Sports market. This resulted in the Group applying for several patents.

The Group extended its warehouse facilities in the year and also renewed leased for a further period.

The Group continues to implement plans to reduce operating costs and to discontinue non-profitable ranges. It also is working to reduce slow moving stock whilst holding the correct stock levels to service customers.

The business looks to implement best practice in its supply chain and its principal subsidiary is a member of Fairwear Foundation and during the year it achieved the Leadership Status.

#### **Key performance indicators**

The Group's key financial indicators during the year were as follows:

	<b>2017</b>	<b>2016</b>
Turnover	£72.8m	£64.7m
Gross profit	£22.1m	£20.3m
Gross profit %	30.36%	31.39%
Operating charges	£18.4m	£16.9m
Underlying EBITDA	£4.3m	£3.7m
Stock	£18.5m	£19.0m
Net assets	£19.7m	£18.8m

The Directors monitor revenues, margins, controllable costs and inventory.

Turnover – revenues increased by £8.1m in the year. This was mainly attributable to:

a) UK	-	£5.0m	10%
b) Overseas	-	£3.1m	20%

Turnover growth reflects increases in both prices and volumes.

Gross profit and margins dropped due to:

a) Purchasing pressures after the BREXIT vote and the consequential fall in the value of sterling.

## **BOLLIN GROUP LIMITED**

### **STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2017**

---

b) General mix of the Group's manufactured and distributed product margins resulting in a poorer consolidated yield.

Operating charges were tightly controlled and thus offered some protection to the EBITDA.

Inventory – decreased as the slow moving inventory and samples were reduced.

Significant swings in reported profits are created as a consequence of the FRS102 requirement to mark to market derivative foreign exchange contracts. The effect of such accounting adjustments are shown below the operating profit line.

The Board considers that there are no non-financial key financial indicators that are relevant to the business.

#### **Position at the end of the period**

The balance sheet at the end of the period shows that the Group's net assets have increased by £853k to £19.7m.

#### **Future outlook**

As at the date of signing the single largest uncertainty to future trade is the effect of the UK BREXIT negotiations with the European Community and the future access to the Single Market. This has in the directors' opinion, increased the volatility and uncertainty of markets which may impact on consumer confidence and demand at some point in the future as well as impacting margins as mentioned above. The effect of leaving the Common market and duties being introduced may further impact the business.

To date market volumes have not been impacted but the Directors remain cautious about the medium term outlook for consumer confidence. The new environment will create a challenge that needs to be met through future negotiated purchasing and pricing arrangements.

The trade and assets of Bright Spark were purchased post the year end and the business is being integrated into existing operations.

#### **Principal risks and uncertainties**

The Board carefully considers existing and new challenges and opportunities for the Group within the markets in which it operates. The key risks that the Group faces are the economic situation, currency risk, weather and cyber risks.

The Board endeavours to manage these risks wherever possible. The ongoing operational and financial performance of the business is a key part of every Board meeting. In addition training is given to all staff to help mitigate these risks.

#### **Employees**

The company is committed to employment policies which follow best practice and are based on equal opportunities for all employees, irrespective of Gender, religion or belief, age, racial or ethnic origin, sexual orientation or disability.

The principal business units are committed to Investors in People and the business regards the development of staff as key to achieving its objectives.

The Directors would like to thank all the staff as without their significant contribution these results would not be possible

On behalf of the board



S J Cann  
Director

Approved by the directors on

15<sup>th</sup> May 2018

# **BOLLIN GROUP LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2017**

---

The directors present their report and the financial statements of the Group for the year ended 31 December 2017.

### **Principal activity**

The Group continues to manufacture, market and distribute premium branded consumer clothing and accessories.

### **Results and dividends**

The profit for the year, after taxation, amounted to £663,000 (2016: £2,215,000). The directors have not recommended a dividend.

### **Financial risk management objectives and policies**

The Group uses financial instruments including derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations and to minimise foreign exchange risk. The main risks arising from the Group financial instruments are interest rate risk, foreign currency risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

### **Interest rate risk**

The Group finances its operations through a mixture of retained profits and bank and other borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed on a Group basis by the use of both fixed and floating facilities.

### **Liquidity risk**

The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through loans arranged at Group level. Short term flexibility is achieved by overdraft facilities.

### **Currency risk**

The Group is exposed to transaction and translation foreign exchange risk. Transaction exposures are mitigated when known, mainly using the forward contracts.

### **Credit risk**

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the Group's credit controllers on a regular basis in conjunction with debt ageing and collection history. The Group also uses invoice discounting facility.

### **Directors**

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

S J Cann  
H A Cann

### **Going concern**

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the Group had adequate cash resources and financial projections indicate that the Group will continue to trade within its existing bank facilities.

## **BOLLIN GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 DECEMBER 2017**

---

#### **Employee involvement**

The Group's policy is to consult and discuss with employees on a regular basis matters likely to affect employees' interests.

Information about matters of concern to employees is given through regular updates which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Staff is incentivised through bonus schemes linked to Group performance where appropriate.

#### **Disabled employees**

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to enable suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### **Statement of disclosure to auditor**

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

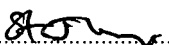
#### **Auditor**

MHA Moore and Smalley who was appointed during the year, has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

#### **Strategic Report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has chosen to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

By order of the board



S J Cann

Director

15<sup>th</sup> May 2018

## **BOLLIN GROUP LIMITED**

### **DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

---

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 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 the company and of the profit and loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **BOLLIN GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

---

#### **Opinion**

We have audited the financial statements of Bollin Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent company's affairs as at 31 December 2017 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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



## BOLLIN GROUP LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, 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.

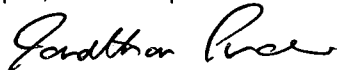
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend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

#### **Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



**Jonathan Pinder (Senior Statutory Auditor)**  
**For and on behalf of MHA Moore and Smalley**  
**Chartered Accountants**

**Statutory Auditor**  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

18/5/18

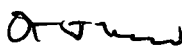
**BOLLIN GROUP LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	2017 £000	2016 £000
<b>Group turnover</b>	<b>2</b>	72,843	64,709
Cost of sales		(50,655)	(44,400)
<b>Gross profit</b>		<u>22,188</u>	<u>20,309</u>
Restructuring costs	<b>3</b>	(77)	(157)
Other operating charges		(18,425)	(16,925)
Other operating income		597	518
Depreciation		(675)	(827)
Amortisation		(530)	(497)
<b>Operating profit</b>	<b>4</b>	<u>3,078</u>	<u>2,421</u>
Fair value (loss)/gains on foreign exchange contracts		(1,584)	845
Interest receivable and similar income	<b>7</b>	1	1
Interest payable and similar charges	<b>8</b>	(557)	(581)
<b>Group profit on ordinary activities before taxation</b>		<u>938</u>	<u>2,686</u>
Tax on profit on ordinary activities	<b>9</b>	(275)	(471)
<b>Profit on ordinary activities after taxation</b>		<u>663</u>	<u>2,215</u>
<b>Attributable to:</b>			
Owners of the parent		791	2,290
Non-controlling interests		(128)	(75)
<b>Profit for the financial year</b>		<u>663</u>	<u>2,215</u>
<b>Other comprehensive income</b>			
Profit for the financial year		663	2,215
Foreign exchange differences on net investments		190	155
<b>Total comprehensive income for the year</b>		<u>853</u>	<u>2,370</u>

**BOLLIN GROUP LIMITED**
**STATEMENTS OF FINANCIAL POSITION**
**YEAR ENDED 31 DECEMBER 2017**
**COMPANY REGISTRATION NO. 02404333**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2017</b> £000	<b>2016</b> £000	<b>2017</b> £000	<b>2016</b> £000
<b>Fixed Assets</b>					
Goodwill	11	3,082	3,494	-	-
Brand and trademarks	11	908	1,026	854	963
Tangible assets	12	3,699	3,603	951	966
Investments	13	-	-	10,798	10,798
		<u>7,689</u>	<u>8,123</u>	<u>12,603</u>	<u>12,727</u>
<b>Current Assets</b>					
Stock	14	18,506	18,955	-	-
Debtors	15	14,640	13,890	4,718	6,737
Cash at bank and in hand		1,834	2,689	273	465
		<u>34,980</u>	<u>35,534</u>	<u>4,991</u>	<u>7,202</u>
<b>Creditors</b>					
Amounts falling due within one year	16	(18,101)	(18,442)	(6,641)	(5,199)
<b>Net Current Assets/(liabilities)</b>		<u>16,879</u>	<u>17,092</u>	<u>(1,650)</u>	<u>2,003</u>
<b>Total Assets less Current Liabilities</b>		<u>24,568</u>	<u>25,215</u>	<u>10,953</u>	<u>14,730</u>
<b>Creditors</b>					
Amounts falling due after more than one year	17	(4,857)	(6,252)	(2,754)	(4,418)
<b>Provisions for liabilities</b>					
Deferred tax	20	(46)	(151)	(52)	(128)
<b>Net assets</b>		<u>19,665</u>	<u>18,812</u>	<u>8,147</u>	<u>10,184</u>
<b>Capital and Reserves</b>					
Share capital	24	1,054	1,054	1,054	1,054
Revaluation reserve		818	818	457	457
Profit and loss account		18,082	17,021	6,636	8,673
<b>Capital and Reserves attributable to owners of the parent</b>		<u>19,954</u>	<u>18,893</u>	<u>8,147</u>	<u>10,184</u>
<b>Attributable to Non-controlling interest</b>		<u>(289)</u>	<u>(81)</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>19,665</u>	<u>18,812</u>	<u>8,147</u>	<u>10,184</u>

These financial statements on pages 8 to 34 were approved by the directors and authorised for issue and are signed on their behalf by:

  
S J Cann (Director)

Date: 15<sup>th</sup> May 2018

**BOLLIN GROUP LIMITED**
**STATEMENTS OF CHANGES IN EQUITY**
**YEAR ENDED 31 DECEMBER 2017**
**COMPANY REGISTRATION NO. 02404333**
**Group**

	Share capital £000	Revaluation reserve £000	Profit & loss account £000	Non- controlling interest £000	Total £000
<b>Balance at 1 January 2016</b>	1,054	818	14,576	(8)	16,442
Profit for the year	-	-	2,290	(75)	2,215
Foreign currency translation	-	-	155	-	155
<b>Total comprehensive income for the year</b>	-	-	2,445	(75)	2,370
<b>Balance at 31 December 2016</b>	1,054	818	17,021	(81)	18,812
Profit for the year	-	-	791	(128)	663
Foreign currency translation	-	-	190	-	190
Transfer	-	-	80	(80)	-
<b>Total comprehensive income for the year</b>	-	-	1,061	(208)	853
<b>Balance at 31 December 2017</b>	1,054	818	18,082	(289)	19,665

**Company**

	Share capital £000	Revaluation reserve £000	Profit & loss account £000	Total £000
<b>Balance at 1 January 2016</b>	1,054	457	7,932	9,443
<b>Total comprehensive income for the year</b>	-	-	741	741
<b>Balance at 31 December 2016</b>	1,054	457	8,673	10,184
<b>Total comprehensive income for the year</b>	-	-	(2,037)	(191)
<b>Balance at 31 December 2017</b>	1,054	457	6,636	9,993

**BOLLIN GROUP LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Notes</b>	<b>2017 £000</b>	<b>2016 £000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>26</b>	4,361	4,239
Interest paid		(457)	(481)
Income taxes paid		(741)	(447)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>3,163</b>	<b>3,311</b>
		<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(858)	(414)
Proceeds on disposal of tangible fixed assets		115	60
Interest received		1	1
		<hr/>	<hr/>
<b>Net cash (used in) / generated from investing activities</b>		<b>(742)</b>	<b>(353)</b>
		<hr/>	<hr/>
<b>Financing activities</b>			
Repayment of bank loans		(1,000)	(1,000)
Repayments of other loans		(508)	(1,000)
Issue of hire purchase contracts and finance leases		87	(243)
Preference dividends paid		(100)	(140)
		<hr/>	<hr/>
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,521)</b>	<b>(2,383)</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>900</b>	<b>575</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at beginning of year</b>		<b>418</b>	<b>(157)</b>
Effect of foreign exchange rates		-	-
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		<b>1,318</b>	<b>418</b>
		<hr/>	<hr/>
<b>Relating to</b>			
Cash		1,834	2,689
Bank overdraft		(516)	(2,271)
		<hr/>	<hr/>
		<b>1,318</b>	<b>418</b>
		<hr/>	<hr/>

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **1. Accounting policies**

##### **General information**

Bollin Group Limited ("the Company") is a limited company domiciled and incorporated in England and Wales.

The address of the Company's registered office and place of business is Bailey Court, Green Street, Macclesfield, SK10 1JQ.

The Group consists of Bollin Group Limited and all of its subsidiaries.

The company's and the Group's principal activities are that of manufacture, marketing and distribution of premium branded consumer clothing and accessories.

##### **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, and under the historical cost convention, modified to include deemed cost.

##### **Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the Group. Monetary amounts in the financial statements are rounded to the nearest whole £1,000, except where otherwise indicated

##### **Reduced disclosures**

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirement of Section 33 Related Party Disclosures – Compensation for key management personnel
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The financial statements of the company are consolidated in the financial statements of Bollin Group Limited.

##### **Going concern**

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the Group had adequate cash resources and financial projections indicate that the Group will continue to trade within its existing bank facilities.

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Bollin Group 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). All financial statements are made up to 31 December 2017.

Goodwill arising on consolidation, representing the excess of the fair value of consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful life of 10 - 20 years or impaired if the carrying value cannot be supported.

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1. Accounting policies (continued)**

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.

A subsidiary is no longer consolidated when control is lost. The difference between any disposal proceeds and the carrying amount of the subsidiary's net assets (including related goodwill) is recognised in profit or loss as a gain or loss on disposal.

#### **Turnover**

Turnover is measured at the fair value of consideration received excluding discounts, rebates, VAT and other sales taxes or duty. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

#### **Interest income**

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

#### **Intangible fixed assets - goodwill**

Goodwill is the difference between the fair value of consideration paid for an entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

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

Goodwill	-	10-20 years
----------	---	-------------

#### **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 of assets less their residual values over their useful lives on the following bases:

Brands and trademarks	-	20 - 30 years
-----------------------	---	---------------

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or deemed cost, net of depreciation and any other impairment losses. Depreciation is recognised on a straight line basis as to write off the cost or deemed cost of assets less their residual values over their useful lives on the following bases:

Freehold property	-	2 - 4% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	10% to 25% per annum
Equipment	-	10% to 25% per annum
Plant and machinery	-	10% to 25% per annum

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.

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1. Accounting policies (continued)**

#### **Revaluation of properties**

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

#### **Impairment of fixed assets**

At each reporting end date, the company 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.

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**

Goods for resale are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on a weighted average basis in the premium branded consumer goods business and a first in first out basis in the manufacturing business and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss.

Reversals of impairment losses are also recognised in the profit and loss.

#### **Leases**

##### *The Group as Lessee – Finance leases*

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. 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.



# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1. Accounting policies (continued)**

#### *The Group as Lessee – Operating leases*

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.

#### **Retirement benefits**

The company operates a defined contribution scheme and the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **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 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 date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in 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 a net basis or to realise the asset and settle the liability simultaneously.

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1. Accounting policies (continued)**

#### **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.

#### **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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial assets**

##### *Trade, other debtors and group debtors*

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### *Bank overdrafts*

Bank overdrafts are presented within creditors: amounts falling due within one year.

#### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments 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 profit or loss are measured at fair value.

##### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### *Trade and other creditors*

Trade and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

#### **1. Accounting policies (continued)**

##### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

##### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currencies) 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.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

All translation differences are taken to the income statement, 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.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences represents the differences in revalued properties and are recognised in other comprehensive income and accumulated in equity.

##### **Purpose of reserves**

Share capital represents total amount of nominal value of share held by the shareholders. The revaluation reserve is a non-distributable reserve and profit and loss reserves contain the balance of retained earnings to carry forward. Non-controlling interest represents equity instruments issued by a Group's subsidiaries to persons outside the Group.

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1. Accounting policies (continued)**

#### **Critical accounting estimated and areas of judgement**

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have significant risk of causing material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements

#### ***Provision for impairment of intangibles***

The recoverable amount of goodwill and other intangible assets 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 the future earnings growth.

#### ***Provision for slow moving stock***

The amount provided in the stock provision is considered to be a judgement due to the nature of the business. Raw material stock has been written down by £2,118,000 (2016 - £2,090,000) during the year. No earlier stock write down has been reversed during the current or proceeding period.

#### ***Provision for irrecoverable debtors***

The amount provided in the bad debt provision is considered to be a judgement due to the nature of the business. There is a provision for bad debts of £468,000 (2016 - £392,000). The directors have considered these debts to be doubtful and have provided accordingly for what they consider the Group's exposure to be.

## BOLLIN GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

#### 2 Turnover

An analysis of turnover by geographical market is given below:

	2017 £000	2016 £000
United Kingdom	54,236	49,203
Overseas	18,607	15,506
	<u>72,843</u>	<u>64,709</u>

#### 3 Exceptional costs

	2017 £000	2016 £000
Restructuring costs	77	157
	<u>77</u>	<u>157</u>

A number of redundancies were made as a result of a group restructure in 2017 and 2016.

#### 4 Operating profit

Operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of fixed assets		
- of owned assets	433	549
- held under finance leases and hire purchase	242	278
Amortisation of positive goodwill	412	412
Amortisation of intangible fixed assets	118	85
Profit on disposal of fixed assets	(28)	(30)
Foreign exchange gains	100	(489)
Operating lease costs	783	765
Cost of stocks recognised as an expense	53,010	42,895
	<u>53,010</u>	<u>42,895</u>

#### Auditors' remuneration

Amounts payable to MHA Moore and Smalley in respect of both audit and non-audit services were as follows:

	2017 £000	2016 £000
Audit services – statutory audit of the Group	37	45
Audit services – statutory audit of the Company	4	6
Taxation compliance services	9	11
All other non-audit services	2	3
	<u>52</u>	<u>65</u>

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Particulars of employees

The average number of staff employed by the Group during the financial year amounted to:

	Group		Company	
	2017 No.	2016 No.	2017 No.	2016 No.
Production staff	110	111	-	-
Distribution staff	93	92	-	-
Administrative staff	167	165	15	15
	<u>370</u>	<u>368</u>	<u>15</u>	<u>15</u>

Aggregate payroll costs of the above were:

	2017 £000	2016 £000
Wages and salaries	9,535	8,825
Social security costs	633	618
Other pension costs	622	523
	<u>10,790</u>	<u>9,966</u>

The Group operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the Group.

### 6 Directors' remuneration

	2017 £000	2016 £000
Remuneration for qualifying services	153	166
	<u>153</u>	<u>166</u>

No directors accrued benefits under company pension schemes in the current or prior period.

### 7 Interest receivable and other income

	2017 £000	2016 £000
Interest on bank deposits	1	1
	<u>1</u>	<u>1</u>

**BOLLIN GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2017****8 Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	£000	£000
Interest payable on borrowings	414	441
Interest on finance leases and hire purchase contracts	43	40
Other similar charges – preference share dividend	100	100
	<u>557</u>	<u>581</u>

**9 Taxation****(a) Analysis of charge in the year**

	<b>2017</b>	<b>2016</b>
	£000	£000
Current tax:		
UK corporation tax on profits for the period at 19.25% (2016: 20%)	211	694
Under / (over) provision in prior year	43	(95)
Foreign tax	126	-
	<u>380</u>	<u>599</u>

## Deferred tax:

Origination and reversal of timing differences	2	(128)
Adjustment in respect of prior years	(107)	-

Total deferred tax	<u>(105)</u>	<u>(128)</u>
--------------------	--------------	--------------

Total tax charge	<u>275</u>	<u>471</u>
------------------	------------	------------

**(b) Factors affecting tax charge**

	<b>2017</b>	<b>2016</b>
	£000	£000
Profit on ordinary activities before taxation	938	2,686
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.25% (2016 – 20%)	181	537
Expenses not deductible for tax purposes	23	22
Adjustment to tax charge in respect of previous periods	(64)	(95)
Fixed assets differences	10	(115)
Tax chargeable at different rates	(2)	(13)
Other permanent differences	38	128
Enhanced R & D relief	(39)	-
Other timing differences	2	7
Foreign tax	126	-
Total tax charge	<u>275</u>	<u>471</u>

## BOLLIN GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

#### 9 Taxation (continued)

##### (c) Factors that may affect future tax charges

The main rate of corporation tax stands at 19% in 2017/18. This will be further reduced to 17% from 1 April 2020. The 17% corporation tax rate was substantively enacted on 6 September 2016.

#### 10 Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was loss £2,037,000 (2016: profit £741,000).

#### 11 Intangible fixed assets

	Positive goodwill £000	Negative goodwill £000	Brands and trademarks £000	Total £000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2017 and 31 December 2017	13,489	(248)	3,531	16,772
<b>Amortisation and impairment</b>				
At 1 January 2017	9,995	(248)	2,505	12,252
Charge for the year	412	-	118	530
At 31 December 2017	10,407	(248)	2,623	12,782
<b>Net book value</b>				
At 31 December 2017	3,082	-	908	3,990
At 31 December 2016	3,494	-	1,026	4,520



**BOLLIN GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**11 Intangible fixed assets (continued)**

	<b>Brands and trademarks £000</b>
<b>Company</b>	
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	<u>3,188</u>
<b>Amortisation and impairment</b>	
At 1 January 2017	2,225
Charge for the year	109
At 31 December 2017	<u>2,334</u>
<b>Net book value</b>	
At 31 December 2017	<u>854</u>
At 31 December 2016	<u>963</u>

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Tangible fixed assets

#### Group

	Freehold properties	Fixtures and fittings	Motor vehicles	Equipment	Plant and machinery	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or deemed cost</b>						
At 1 January 2017	1,586	4,167	1,279	1,309	1,753	10,094
Additions	24	201	231	163	239	858
Disposals	-	(3)	(134)	(1)	(418)	(556)
Foreign exchange movement	-	7	7	-	-	14
At 31 December 2017	<u>1,610</u>	<u>4,372</u>	<u>1,383</u>	<u>1,471</u>	<u>1,574</u>	<u>10,410</u>
<b>Depreciation</b>						
At 1 January 2017	109	3,297	963	878	1,244	6,491
Charge for the year	35	129	251	138	122	675
Disposals	-	(2)	(118)	(4)	(342)	(466)
Foreign exchange movement	-	5	6	-	-	11
At 31 December 2017	<u>144</u>	<u>3,429</u>	<u>1,102</u>	<u>1,012</u>	<u>1,024</u>	<u>6,711</u>
<b>Net book value</b>						
At 31 December 2017	<u>1,466</u>	<u>943</u>	<u>281</u>	<u>459</u>	<u>550</u>	<u>3,699</u>
At 31 December 2016	<u>1,477</u>	<u>870</u>	<u>316</u>	<u>431</u>	<u>509</u>	<u>3,603</u>

Freehold properties comprise of freehold office buildings. The fair value of the group's properties at 31 December 2015 were arrived at on the basis of valuations carried out at that date by Messrs. Sanderson Weatherall, Chartered Surveyors, on an open market valuation basis. Messrs. Sanderson Weatherall are not connected with the company. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The directors consider there has been no material impairment in their assessment of the fixed assets held at valuation.

If land and buildings were stated on an historical cost basis rather than a deemed cost basis, the amounts would have been included as follows:

	2017 £000	2016 £000
<b>Group</b>		
Cost	1,265	1,241
Accumulated depreciation	(640)	(604)
Carrying amount	<u>625</u>	<u>637</u>

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 12 Tangible fixed assets (continued)

##### Group

The net book value of assets held under finance leases or hire purchase contracts, included within tangible fixed assets, are as follows:

	2017 £000	2016 £000
Group		
Plant and machinery	298	251
Motor vehicles	388	429
	<u>686</u>	<u>680</u>

The depreciation of assets held under finance leases or hire purchase amounted to £242,000 (2016: £278,000).

##### Company

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2017	875	807	105	1,787
Additions	19	83	-	102
At 31 December 2017	<u>894</u>	<u>890</u>	<u>105</u>	<u>1,889</u>
<b>Depreciation</b>				
At 1 January 2017	52	717	52	821
Charge for the year	19	74	22	117
At 31 December 2017	<u>71</u>	<u>791</u>	<u>74</u>	<u>938</u>
<b>Net book value</b>				
At 31 December 2017	<u>823</u>	<u>99</u>	<u>31</u>	<u>951</u>
At 31 December 2016	<u>823</u>	<u>90</u>	<u>53</u>	<u>966</u>

Freehold property comprises freehold office buildings. The fair value of the company's property at 31 December 2015 was arrived at on the basis of a valuation carried out at that date by Messrs. Sanderson Weatherall, Chartered Surveyors, on an open market valuation basis. Messrs. Sanderson Weatherall are not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The directors consider there has been no material impairment in their assessment of the fixed assets held at deemed cost.

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

### **12 Tangible fixed assets (continued)**

	<b>2017</b>	<b>2016</b>
<b>Company</b>	<b>£000</b>	<b>£000</b>
Cost	756	737
Accumulated depreciation	(403)	(383)
Carrying amount	<u>353</u>	<u>354</u>

The net book value of assets held under finance leases or hire purchase contracts, included within tangible fixed assets, are as follows:

	<b>2017</b>	<b>2016</b>
<b>Company</b>	<b>£000</b>	<b>£000</b>
Motor vehicles	-	40

The depreciation of assets held under finance leases or hire purchase amounted to £nil (2016: £29,000).

### **13 Fixed asset investment**

<b>Company</b>	<b>Investment in subsidiary undertakings</b>
	<b>£000</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	<u>12,718</u>
<b>Provision for impairment</b>	
At 1 January 2017 and 31 December 2017	<u>1,920</u>
<b>Net book value</b>	
At 31 December 2017	<u>10,798</u>
At 31 December 2016	<u>10,798</u>

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Fixed asset investment (continued)

The company owns shares in the following significant companies:

Company name	Country of incorporation	Class of share capital held	Percentage of shareholding	Description
Bridgedale Outdoor Limited	England and Wales	Ordinary £1	100	Manufacture and sale of hosiery items
Burton McCall Limited	England and Wales	Ordinary £1	100	Marketing and distribution of premium branded goods
Go Gas Limited	England and Wales	Ordinary £1	100	Manufacture and distribution of specialist gas appliances
Outdoor Accessories Limited	England and Wales	Ordinary £1	100	Manufacture and distribution of sports goods and outdoor clothing
PD (Holdings) Limited	England and Wales	Ordinary £0.01	100	Holding company
Montgomery Duffle Limited*	England and Wales	Ordinary £1	100	Distribution of outdoor clothing
Outdoor & Sports Company (Holdings) Limited*	England and Wales	Ordinary £1	100	Holding company
Outdoor & Sports Company Limited*	England and Wales	Ordinary £1	100	Merchanting and distribution of sports goods and outdoor clothing
Outdoor and Sports Company Inc*	USA	Ordinary \$1	100	Merchanting and distribution of sports goods and outdoor clothing
Outdoor & Sports Company GmbH*	Germany	Ordinary €1	100	Merchanting and distribution of sports goods and outdoor clothing
Advanced Technical Sock Industries (Pty) Limited	South Africa	SA Ordinary £1	100	Manufacture and sale of hosiery items
Satmap Systems Limited	England and Wales	Ordinary £1	77.74	Development of electrical equipment
Bollin Canada Inc	Canada	Ordinary	100	Merchanting and distribution of sports goods and outdoor clothing
Magic Mountain Limited	England and Wales	Ordinary £1	100	Sale of sports goods and outdoor clothing

\* These investments are indirectly held by Bollin Group Limited through fellow subsidiary companies.

The subsidiary companies, Outdoor & Sports Company (Holdings) Limited, PD (Holdings) Limited, Montgomery Duffle Limited, Satmap Systems Limited, Outdoor Accessories Limited, and Magic Mountain Limited have taken the exemption in Section 479A of the Companies Act 2006 ("the Act") from the requirements in the Act for their individual accounts to be audited. The guarantee given by the company under Section 479A of the Act is disclosed in Note 23.

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Stocks

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Finished goods	18,506	18,955	-	-
	<u>18,506</u>	<u>18,955</u>	<u>-</u>	<u>-</u>

Finished goods with a gross carrying value of £20,624,000 (2016 - £21,045,000) have been written down by £2,118,000 (2016 - £2,090,000). No earlier stock write down has been reversed during the current or proceeding period.

### 15 Debtors

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	13,213	11,711	63	71
Amounts owed by group undertakings	-	-	4,240	5,322
Corporation tax	-	-	295	190
Other debtors	489	405	42	74
Prepayments and accrued income	938	694	78	-
Foreign currency forward contracts	-	1,080	-	1,080
	<u>14,640</u>	<u>13,890</u>	<u>4,718</u>	<u>6,737</u>

Trade debtors with a gross value of £13,681,000 (2016: £12,103,000) have been written down by £468,000 (2016: £392,000).

### 16 Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	1,516	3,271	1,000	1,000
Obligations under finance leases	287	313	15	22
Trade creditors	4,461	4,285	122	58
Amounts owed by group undertakings	-	-	4,366	3,989
Other taxes and social security	673	602	14	-
Corporation tax	167	528	-	-
Other creditors	8,309	6,860	682	15
Foreign currency forward contracts	295	-	295	-
Accruals and deferred income	2,393	2,583	147	115
	<u>18,101</u>	<u>18,442</u>	<u>6,641</u>	<u>5,199</u>

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 16 Creditors: Amounts falling due within one year (continued)

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the individual companies where the borrowings arise. The company has also provided an unlimited guarantee in respect of the bank borrowings of its subsidiaries.

Included within other creditors at the year-end was £6,666,000 (2016 - £6,684,000) regarding an invoice discounting facility with Lloyds Commercial Finance which was secured by a charge dated 20 June 2008 over the assets of Burton McCall Limited, Bridgedale Outdoor Limited and Outdoor and Sports Company Limited and a charge dated 12 August 2013 over the assets of Outdoor Accessories Limited

Amounts due under finance leases are secured against the assets to which they relate.

### 17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Other creditors	1,545	2,053	-	652
Bank loans	1,500	2,500	1,500	2,500
Obligations under finance leases	562	449	4	16
Preference shares	1,250	1,250	1,250	1,250
	<u>4,857</u>	<u>6,252</u>	<u>2,754</u>	<u>4,418</u>

Amounts due under finance leases are secured against the assets to which they relate.

### 18 Financial instruments

	Group	
	2017	2016
	£000	£000
<b>Debt instruments measured at amortised cost</b>		
Debt instruments measured at amortised cost	13,702	12,116
	<u>13,702</u>	<u>12,116</u>
<b>Debt instruments measured at fair value through profit or loss</b>		
Foreign exchange contracts	(295)	1,080
	<u>(295)</u>	<u>1,080</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	21,814	23,599
	<u>21,814</u>	<u>23,599</u>

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Financial instruments (continued)

#### Foreign exchange forward contracts

1% (2016 – 1%) of the Group turnover relates to transactions conducted in Euros and 22% (2016 – 18%) relates to transactions conducted in US Dollars. As a consequence the Group uses foreign exchange currency forward contracts to manage foreign currency risk of future transaction and cash flows.

The contracts are valued on available market data. The Group does not adopt hedge accounting for forward exchange contracts, consequently, fair value gains and losses are recognised in profit and loss.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the Group has committed to is £9,392,000 (2016 - £9,670,000).

### 19 Borrowings

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	3,016	5,771	2,500	3,500
Finance lease obligations	849	762	19	38
	<u>3,865</u>	<u>6,533</u>	<u>2,519</u>	<u>3,538</u>
Payable within one year	1,803	3,584	1,014	1,022
Payable after one year	2,062	2,949	1,505	2,516
	<u>3,865</u>	<u>6,533</u>	<u>2,519</u>	<u>3,538</u>

#### Debt maturity analysis

The bank loan is due for repayment by 31 May 2020. Repayments are made in ten consecutive semi-annual instalments of £500,000 in respect of principal only plus interest on the outstanding balance at an annual rate of 1.85% (2016 – 1.85%) above LIBOR.

### 20 Provision for liabilities

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Deferred tax liabilities	<u>(46)</u>	<u>(151)</u>	<u>(52)</u>	<u>(128)</u>

### 21 Deferred taxation

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

	Group		Company	
	Liabilities	Liabilities	Liabilities	Liabilities
	2017	2016	2017	2016
	£000	£000	£000	£000
Balances:				
Accelerated capital allowances	<u>(46)</u>	<u>(151)</u>	<u>(52)</u>	<u>(128)</u>
Movements in the year:				
Liability at 1 January 2017	(151)	(279)	(128)	(184)
Charge to profit or loss	105	128	76	56
Liability at 31 December 2017	<u>(46)</u>	<u>(151)</u>	<u>(52)</u>	<u>(128)</u>



# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 22 Commitments under operating leases

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

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Within 1 year	574	196	-	-
Between two and five years	1,656	970	-	-
	<u>2,230</u>	<u>1,166</u>	<u>-</u>	<u>-</u>

#### 23 Contingent liability

The company has provided an unlimited guarantee in respect of the bank borrowings of fellow Group companies. At the year end there is a potential liability of £2,559,770 (2016: £3,034,674).

In order for the subsidiary companies, Outdoor & Sports Company (Holdings) Limited, PD (Holdings) Limited, Montgomery Duffie Limited, Satmap Systems Limited, Outdoor Accessories Limited, and Magic Mountain Limited to take the audit exemption in section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiary companies at 31 December 2017 until those liabilities are satisfied in full.

#### 24 Share capital

	2017		2016	
	No	£000	No	£000
<b>Allotted, called up and fully paid</b>				
1,053,778 equity shares of £1 each	<u>1,053,778</u>	<u>1,054</u>	<u>1,053,778</u>	<u>1,054</u>
1,250,000 preferences shares of £1 each (Included within creditors due after more than one year)	<u>1,250,000</u>	<u>1,250</u>	<u>1,250,000</u>	<u>1,250</u>

The preference shares are convertible into ordinary shares by written notice within 14 days of each third anniversary from 30 April 1994 and redeemable at the option of the shareholders on each third anniversary from 30 April 1994 at par. The shares do not carry any voting rights at a general meeting of the company.

#### 25 Ultimate controlling party

The directors regard B J Berryman, H Turner and C Fahy as the ultimate controlling parties by virtue of their status as controlling trustees of a trust which holds a 100% interest in the equity share capital of Bollin Group Limited.

# BOLLIN GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 26 Notes to Statement of Cash Flows

Reconciliation of profit after tax to net cash generated from operations

	2017 £000	2016 £000
Profit after tax	663	2,215
Depreciation of tangible fixed assets	675	827
Amortisation of intangible assets	530	497
Loss/(gains) on financial instruments	1,584	(845)
Foreign exchange gains	(22)	(489)
Profit on disposal of fixed assets	(25)	(30)
Interest payable	557	581
Interest receivable	(1)	(1)
Taxation	275	471
	<u>4,236</u>	<u>3,226</u>
Operating cash flows before movements in working capital		
Increase/(decrease) in stocks	449	(2,068)
(Decrease)/increase in debtors	(1,830)	1,594
Increase in creditors	1,506	1,487
	<u>1,013</u>	<u>1,013</u>
Cash generated from operations	<u>4,361</u>	<u>4,239</u>

### 27 Related party transactions

#### Remuneration of key management personnel

The total remuneration of the directors and other employees of the Group who are considered to be key management personnel was £1,794,000 (2016 - £1,869,000).

#### Transactions with related parties

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

Category	Description of transaction	Income		Expenditure	
		2017 £000	2016 £000	2017 £000	2016 £000
Entities significant influence over the company	Trade	250	306	-	118
Entities with common control over the company	Trade	527	342	-	-

# **BOLLIN GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **27 Related party transactions (continued)**

#### **Amounts owed to/by related parties**

The following amounts were outstanding at the reporting end date:

<b>Category</b>	<b>Amount owed by</b>		<b>Amounts owed to</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Entities with significant influence over the company	-	99	-	-
Entities with common control over the company	2,474	1,801	-	-
Other related parties	-	-	1,564	1,552