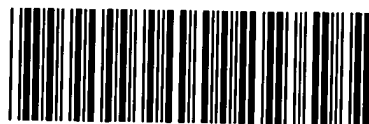


B&B Attachments (1999) Limited

Annual report

31 December 2019

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B&B Attachments (1999) Limited

Company Information

Directors	M R Barton J W Lamberth
Company secretary	S A Little
Registered number	03788103
Registered office	Unit 46 Colbourne Avenue Nelson Park Industrial Estate Cramlington NE23 1WD
Independent auditor	UNW LLP Chartered Accountants St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	National Westminster PLC 250 Bishopsgate London Greater London EC2M 4AA Royal Bank of Scotland 36 St. Andrew Square Edinburgh EH2 2YB

B&B Attachments (1999) Limited

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**Group Strategic Report
Year ended 31 December 2019**

Introduction

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

Business review

The financial year ended 31 December 2019 saw annual turnover increase by 8%. This is a contrast to the UK forklift truck sales, as they remained flat year on year with the growth in turnover coming from an increase in our export activities. It is encouraging that sales have increased despite uncertainty and challenges posed by Brexit.

After a year of consolidation, 2019 has shown significant improvements which have continued in to the 2020 financial year. This, in part, is due to B&B's strong reputation, excellent customer service and relationships within the UK market. The strategic plan to develop our export market has seen export sales grow by 44.6%. A new ERP system was fully integrated in the year, which is designed to support and drive the manufacturing arm of the business.

Profits for the year have been reasonable and the directors are satisfied with the result. The group has continued to keep costs as low as possible in the face of the increased import costs driven by the fall in sterling. Export is steadily increasing and this should start to pay further dividends in 2020 and 2021

The group has seen continued pressure in raw material prices and service contracts, driven in large by concerns around the impact of Brexit on UK business.

The Board believes that the investment in the business manufacturing capacity, new members of staff and marketing with a focus on export will enable the business to continue to grow in 2020 and will contribute to a steadily improving picture and outlook.

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

Group Strategic Report (continued)
Year ended 31 December 2019

Principal risks and uncertainties

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

Commodity Price Risk

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

Liquidity Risk

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

Regulatory Risk

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

Political Risk

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

Foreign Exchange Risk

The group purchases from both Europe and the USA, however, a large proportion of the customer base are UK based. As a result the group is exposed to falls in the value of sterling. It is the group's policy to cover cashflows through forward contracts and the group is actively working to grow exports which provide a natural hedge.

Financial key performance indicators

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

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

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



M R Barton
Director

B&B Attachments (1999) Limited

Directors' Report
Year ended 31 December 2019

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

Principal activity

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

Results and dividends

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

Ordinary dividends were paid amounting to £120,000 (2018:£11,706). The directors do not recommend payment of a further dividend.

Directors

The directors who served during the year were:

M R Barton
J W Lamberth

Future developments

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

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

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

Disclosure of information to auditor

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

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

Directors' Report (continued)
Year ended 31 December 2019

Post balance sheet events

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


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

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

Auditor

UNW LLP were appointed auditor during the year. Under section 487(2) of the Companies Act 2006, UNW LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



M R Barton
Director

Directors' Responsibilities Statement
Year ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Independent auditor's report to the members of B&B Attachments (1999) Limited

Opinion

We have audited the financial statements of B&B Attachments (1999) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the group Statement of Comprehensive Income, the group and company Balance Sheets, the group Statement of Cash Flows, the group and company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 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.

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

Independent auditor's report to the members of B&B Attachments (1999) Limited (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Independent auditor's report to the members of B&B Attachments (1999) Limited (continued)

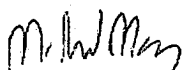
Auditor's responsibilities for the audit of the financial statements

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 for our audit work, for this report, or for the opinions we have formed.



Michael Morris, ACA FCCA (senior statutory auditor)
for and on behalf of UNW LLP, Statutory Auditor

Chartered Accountants

28 July 2020

B&B Attachments (1999) Limited

Consolidated Statement of Comprehensive Income
Year ended 31 December 2019

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

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

The notes on pages 17 to 34 form part of these financial statements.

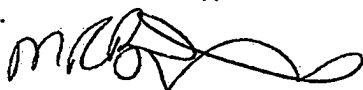
B&B Attachments (1999) Limited
Registered number:03788103

Consolidated Balance Sheet
At 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	72,794	92,593
Tangible assets	14	942,286	1,149,753
		<u>1,015,080</u>	<u>1,242,346</u>
Current assets			
Stocks	16	1,743,551	1,294,767
Debtors: amounts falling due within one year	17	3,420,686	2,816,847
Cash at bank and in hand	18	332,119	91,711
		<u>5,496,356</u>	<u>4,203,325</u>
Creditors: amounts falling due within one year	19	(5,229,588)	(4,323,107)
Net current assets/(liabilities)		<u>266,768</u>	<u>(119,782)</u>
Total assets less current liabilities		<u>1,281,848</u>	<u>1,122,564</u>
Creditors: amounts falling due after more than one year	20	(195,866)	(274,554)
Provisions for liabilities			
Deferred taxation	22	(95,072)	(132,778)
Other provisions	23	(102,000)	(102,000)
		<u>(197,072)</u>	<u>(234,778)</u>
		<u>888,910</u>	<u>613,232</u>
Net assets		<u>888,910</u>	<u>613,232</u>
Capital and reserves			
Called up share capital	24	1	1
Profit and loss account		888,909	613,231
		<u>888,910</u>	<u>613,232</u>
Total Equity		<u>888,910</u>	<u>613,232</u>

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

M R Barton
Director



B&B Attachments (1999) Limited
Registered number:03788103

Company Balance Sheet
At 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	15	600,000	600,000
		<u>600,000</u>	<u>600,000</u>
 Creditors: amounts falling due within one year	 19	 (599,999)	 (599,999)
Net current liabilities		(599,999)	(599,999)
Total assets less current liabilities		1	1
 Net assets excluding pension asset		 <u>1</u>	 <u>1</u>
Net assets		<u>1</u>	<u>1</u>
 Capital and reserves			
Called up share capital	24	1	1
Profit for the year		120,000	11,706
Other changes in the profit and loss account		(120,000)	(11,706)
		<u>1</u>	<u>1</u>

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


M R Barton
 Director

The notes on pages 17 to 34 form part of these financial statements.

B&B Attachments (1999) Limited

Consolidated Statement of Changes in Equity
Year ended 31 December 2019

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018	1	949,999	(336,463)	613,537
Comprehensive income for the year				
Profit for the year	-	-	11,401	11,401
Dividends: Equity capital	-	-	(11,706)	(11,706)
Transfer to/from profit and loss account	-	(949,999)	949,999	-
At 1 January 2019	1	-	613,231	613,232
Comprehensive income for the year				
Profit for the year	-	-	395,678	395,678
Dividends: Equity capital	-	-	(120,000)	(120,000)
At 31 December 2019	1	-	888,909	888,910

The notes on pages 17 to 34 form part of these financial statements.

Company Statement of Changes in Equity
Year ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1	-	1
Comprehensive income for the year			
Profit for the year	-	11,706	11,706
	<hr/>	<hr/>	<hr/>
Dividends: Equity capital	-	(11,706)	(11,706)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(11,706)	(11,706)
	<hr/>	<hr/>	<hr/>
At 1 January 2019	1	-	1
Comprehensive income for the year			
Profit for the year	-	120,000	120,000
	<hr/>	<hr/>	<hr/>
Dividends: Equity capital	-	(120,000)	(120,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1	-	1
	<hr/>	<hr/>	<hr/>

The notes on pages 17 to 34 form part of these financial statements.

B&B Attachments (1999) Limited

Consolidated Statement of Cash Flows
Year ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	395,678	11,401
Adjustments for:		
Amortisation of intangible assets	22,224	3,700
Depreciation of tangible assets	288,236	278,940
Loss on disposal of tangible assets	2,605	(10,655)
Interest paid	52,425	44,363
Interest received	-	(9,001)
Taxation charge	(120,975)	14,153
(Increase) in stocks	(448,784)	(250,462)
(Increase)/decrease in debtors	(520,551)	469,567
Increase/(decrease) in creditors	180,140	(362,843)
Increase in provisions	-	17,035
Net fair value losses/(gains) recognised in P&L	-	(9,078)
Corporation tax received	37,686	-
Net cash generated from operating activities	(111,316)	197,120
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,425)	(27,858)
Purchase of tangible fixed assets	(83,374)	(190,139)
Sale of tangible fixed assets	-	18,846
Interest received	-	9,001
HP interest paid	(21,000)	-
Net cash from investing activities	(106,799)	(190,150)

B&B Attachments (1999) Limited

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2019

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

The notes on pages 17 to 34 form part of these financial statements.

B&B Attachments (1999) Limited

Consolidated Analysis of Net Debt
Year ended 31 December 2019

	At 1 January 2019 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	91,711	240,408	-	-	332,119
Debt due within 1 year	(946,219)	-	-	(724,288)	(1,670,507)
Finance leases	(318,491)	-	114,104	-	(204,387)
	<u>(1,172,999)</u>	<u>240,408</u>	<u>114,104</u>	<u>(724,288)</u>	<u>(1,542,775)</u>

The notes on pages 17 to 34 form part of these financial statements.

**Notes to the Financial Statements
Year ended 31 December 2019**

1. General information

B&B Attachments (1999) Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 46, Colbourne Avenue, Nelson Park, Cramlington, Northumburland, United Kingdom, NE23 1WD.

The group consists of B&B Attachments (1999) Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

2.2 Basis of consolidation

The consolidated financial statements incorporate those of B&B Attachments (1999) 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).

2.3 Going concern

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

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

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

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

Notes to the Financial Statements
Year ended 31 December 2019

2. Accounting policies (continued)

2.4 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.

2.5 Revenue

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

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

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

2.6 Leases

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

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

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

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

2. Accounting policies (continued)

2.7 Government grants

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

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

2.8 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

2.11 Employee benefits

Short-term benefits

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

Defined contribution pension plan

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

Notes to the Financial Statements
Year ended 31 December 2019

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Intangible assets

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

The estimated useful lives range as follows:

Computer software	-	33% straight line
Patents	-	15% reducing balance

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

Notes to the Financial Statements
Year ended 31 December 2019

2. Accounting policies (continued)

2.14 Tangible fixed assets

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

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

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

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

2.15 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2. Accounting policies (continued)

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions

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

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

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

2.21 Financial instruments

Basic debt instruments

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

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

Derivative financial instruments

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

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

2.22 Dividends

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

Notes to the Financial Statements
Year ended 31 December 2019

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

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

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

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

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

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

4. Turnover

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

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

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,079,188	8,247,367
Rest of Europe	694,198	638,061
Rest of the World	2,814,269	1,799,882
	<u>11,587,655</u>	<u>10,685,310</u>

Notes to the Financial Statements
Year ended 31 December 2019

5. Other operating income

	2019	2018
	£	£
Other operating income	33,435	37,529
	33,435	37,529

6. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	£
Amortisation	22,224	3,700
Exchange differences	(111,243)	21,159
Government grants	(33,345)	(37,529)
Audit fees	13,000	15,000
Profit on disposal of fixed assets	4,037	(10,655)
Other operating lease rentals	226,824	319,076
Depreciation of owned tangible fixed assets	230,157	217,599
Depreciation of tangible fixed assets held under finance leases	58,079	61,341

Notes to the Financial Statements
Year ended 31 December 2019

7. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	2,316,954	2,396,735	-	-
Social security costs	249,874	213,457	-	-
Cost of defined contribution scheme	87,717	83,615	-	-
	<u>2,654,545</u>	<u>2,693,807</u>	<u>-</u>	<u>-</u>

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

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

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	368,074	200,000
Company contributions to defined contribution pension schemes	3,464	14,538
	<u>371,538</u>	<u>214,538</u>

During the year retirement benefits were accruing to no directors (2018 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £NIL (2018 - £NIL).

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

Notes to the Financial Statements
Year ended 31 December 2019

9. Interest receivable

	2019 £	2018 £
Other interest receivable	-	9,001
	<u>-</u>	<u>9,001</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	31,425	28
Finance leases and hire purchase contracts	21,000	44,335
	<u>52,425</u>	<u>44,363</u>

11. Taxation

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

Notes to the Financial Statements
Year ended 31 December 2019

11. Taxation (continued)**Factors affecting tax charge for the year**

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

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

Factors that may affect future tax charges

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

12. Dividends

	2019 £	2018 £
Dividends	120,000	11,706
	<u>120,000</u>	<u>11,706</u>

Notes to the Financial Statements
Year ended 31 December 2019

13. Intangible assets**Group and Company**

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

Notes to the Financial Statements
Year ended 31 December 2019

14. Tangible fixed assets

Group

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

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Long leasehold	176,294	205,869
	<u>176,294</u>	<u>205,869</u>

Notes to the Financial Statements
Year ended 31 December 2019

15. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	600,000
At 31 December 2019	<u>600,000</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
B&B Attachments Limited	Unit 46, Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, Northumberland, NE23 1WD	Distribution, manufacture, service and hire of fork lift truck attachments	Ordinary	100%

16. Stocks

	Group 2019 £	Group 2018 £
Raw materials and consumables	54,939	35,692
Work in progress (goods to be sold)	105,706	217,695
Finished goods and goods for resale	1,582,906	1,041,380
	<u>1,743,551</u>	<u>1,294,767</u>

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

B&B Attachments (1999) Limited

Notes to the Financial Statements
Year ended 31 December 2019

17. Debtors

	Group 2019 £	Group 2018 £
Trade debtors	2,380,483	1,822,057
Amounts owed by related parties	654,854	680,142
Other debtors	127,137	43,015
Prepayments and accrued income	258,212	271,633
	<u>3,420,686</u>	<u>2,816,847</u>

Included in the above note are amounts falling due after more than one year of £654,854 (2018:£680,142).

18. Cash and cash equivalents

	Group 2019 £	Group 2018 £
Cash at bank and in hand	332,119	91,711
	<u>332,119</u>	<u>91,711</u>

19. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	1,670,507	946,219	-	-
Trade creditors	2,957,975	2,852,512	-	-
Amounts owed to group undertakings	-	-	599,999	599,999
Other taxation and social security	431,076	332,838	-	-
Obligations under finance lease and hire purchase contracts	67,081	114,104	-	-
Other creditors	12,015	-	-	-
Accruals and deferred income	90,934	77,434	-	-
	<u>5,229,588</u>	<u>4,323,107</u>	<u>599,999</u>	<u>599,999</u>

Amounts owed under the invoice discounting facility agreement amount to £1,670,507 (2018: £946,219). This amount is secured on the company's trade debtors.

Notes to the Financial Statements
Year ended 31 December 2019

20. Creditors: Amounts falling due after more than one year

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

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

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

B&B Attachments (1999) Limited

Notes to the Financial Statements
Year ended 31 December 2019

22. Deferred taxation**Group**

	2019 £	2018 £
At beginning of year	(132,778)	(132,778)
Charged to profit or loss	37,706	-
At end of year	(95,072)	(132,778)

	Group 2019 £	Group 2018 £
Provision at the start of the period	(132,778)	(120,414)
Adjustments related to prior period	14,331	-
Deferred tax charge in the year	23,375	(12,364)
	(95,072)	(132,778)

23. Provisions**Group**

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

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

Notes to the Financial Statements
Year ended 31 December 2019

24. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
1 (2018 - 1) Ordinary Shares share of £1.00	<u>1</u>	<u>1</u>

25. Commitments under operating leases

At 31 December 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

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

26. Related party transactions

Included within other creditors is £599,999 (2018: £599,999) owed by the company to B&B Attachments Limited

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

27. Pension commitments

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

28. Controlling party

The ultimate parent company is B&B Attachments (Holdings) Limited, a company registered in England and Wales. The registered office is Unit 46, Colbourne Avenue, Nelson Park Industrial Estate, Cramlington, Northumburland, NE23 1WD. It's financial statements are available from this address.

B&B Attachments (Holdings) Limited is not required to prepare consolidated accounts by virtue of heading a small group.

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