Beck & Pollitzer Limited

Annual report and financial statements 2015

Contents

Beck & Pollitzer Limited

Officers and professional advisers

Directors

C. L. Matthews	(Chairman)
A. Hodgson	(CEO)
F.D. Runciman	(Finance Director)
S. Bonnard	
R. Jenkins	(resigned 23 September 2015)
J. Lach	
R. Prouvost	
M. Stroud	(appointed 23 September 2015)

Secretary

F.D. Runciman

Registered Office

Burnham Road
Dartford
Kent
DA1 5BD

Bankers

National Westminster Bank Plc
City of London Office
Princes Street
London
EC2R 8BP

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Company Registration No. 06344191

Beck & Pollitzer Limited

Strategic report

The directors, in preparing this Strategic report, have complied with section 414C of the Companies Act 2006.
This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Beck & Pollitzer Limited and its subsidiary undertakings when viewed as a whole.

Review of the business

In the year ended 31 December 2015, the group achieved turnover of £73.1 million (2014: £68.6 million) and generated an operating profit of £5.3 million (2014: £4.9 million) after amortisation of goodwill of £0.6 million (2014: £0.6 million) and exceptional items of £0.1 million (2014: £0.1 million). Net debt reduced by £1.1 million following a net cash inflow from operating activities of £4.4 million (2014: £2.9 million).

The group has significant payment-in-kind shareholder loan notes (2015: £39.7 million, 2014: £37.8 million) included in its balance sheet as long-term creditors. These shareholder loan notes are wholly unsecured and more akin to equity than debt for the purpose of evaluating the group's performance and capital base. Whilst interest thereon is accrued, it is not payable until there is a change of control of the group or after all bank facilities are repaid. If this accrued interest charge is ignored, there would be a net profit after tax in 2015 of £3.6 million (2014: £3.3m) and the shareholders' funds would total £19.5 million (2014: £17.6 million), as follows:

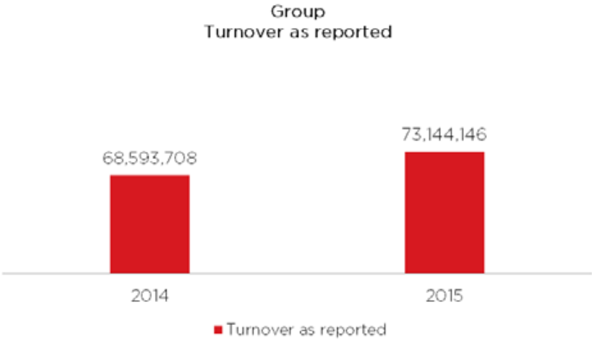
	Year to 31-Dec-15	Year to 31-Dec-14
	£	£
Profit & Loss Account		
Profit for the year after deducting accrued shareholder loan note interest	1,695,769	1,513,074
Accrued shareholder loan note interest for the year	1,906,205	1,821,658
Profit for the year before deducting accrued shareholder loan note interest	3,601,974	3,334,732
Balance Sheet	£	£
Shareholders' funds as reported	6,350,723	6,293,250
Cumulative accrued shareholder loan note interest	13,189,642	11,283,437
Shareholders' funds before cumulative accrued shareholder loan note interest	19,540,365	17,576,687

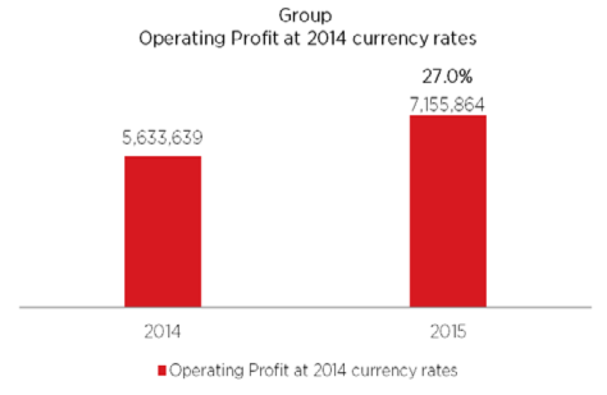
The Key Performance Indicators that the directors use to monitor the group's performance are: turnover, operating profit, net debt and net cash flow.

The group saw its turnover increase by 6.6% to £73.1 million and operating profits (before amortisation of goodwill and exceptional items) increase by 7.2% to £6.0 million respectively over the 2014 levels. There were considerable adverse exchange rate movements in several of the key currencies in which the group's trading activities occur, in particular the Euro, Polish Zloty and Russian Rouble. If restated at constant 2014 exchange rates, the group's turnover in 2015 would have risen by 20.8% to £82.8 million and operating profits (before amortisation of goodwill and exceptional items) by 27.0% to £7.2 million.

Strategic report (continued)

Review of the business (continued)





The group has continued to focus on its core market sectors: automotive, aerospace, metals and packaging. In the UK, the Stalybridge depot was sold as part of its on-going restructuring programme. Overseas, almost all of the group's subsidiaries recorded strong revenue growth in their local markets, notably Poland (up 67%) and Turkey (up 86%).

Operating cash flows in 2015 have reflected the strong sales and profit performance together with the active management of working capital levels. This has resulted in an increase in the year end bank balances from £4.7million to £6.5million at December 2015.

Order intake in the year has seen continuing improvements compared to 2014 both in the UK (up 28%) and overseas (up 4%) despite the effects of the negative currency fluctuations on those numbers. As a result, the group has started 2016 with a strong order book some 15% higher than at the same time the previous year.

Future developments

The directors expect the general level of activity to increase in the coming year. Strong market conditions support a positive development of group sales over future years, with plans in place to continue geographic organic growth.

Strategic report (continued)

Going concern

The directors have developed the business of the group in the light of prevailing trading conditions and the position at 31 December 2015 is reflected in the audited financial statements for the period ended on that date. The present intention is to continue the development of the existing business of the group.

The group finances its operations through cash resources, overdraft facilities, hire-purchase borrowing, long-term bank debt and payment-in-kind loan notes. There is no requirement to pay interest on the payment-in-kind loan notes; interest accrues until an election is made or they are repaid.

The financial position of the group is presented in the consolidated balance sheet. At 31 December 2015, the group had shareholders' funds of £6.4 million and net current assets of £9.1 million, which included £6.5 million of cash balances. In addition to the cash balances, the group has a £4.25 million working capital facility committed for 10 years from 29 October 2007.
The directors have reviewed the anticipated level of trading of the group for the period of 12 months from the date of signing the financial statements. Based on the cash position of the group as at 31 December 2015, its working capital facility and its anticipated level of trading activity, the directors have concluded that the going concern basis should be used in the preparation of the financial statements.
Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Environment, Social and Governance

The directors do not consider that the group's activities have a significant environmental impact. Notwithstanding this, the company strives to continuously improve its performance in the environmental, social and governance (ESG) areas. This is of fundamental importance to the group, as the Directors believe that a safe and sustainable environment is essential to continued business sustainability and profitability.

We consider that the most important ESG issues we face as a business are:

1. Reducing environmental impact: the directors believe there are significant opportunities to move towards a carbon-neutral business, including changes in vehicle technologies, retro-fitting buildings and supporting customer efforts in this regard;
2. Maintaining high Health & Safety standards: the directors believe that none of the people that work or interact with the group (e.g. employees, contractors, clients, visitors or members of the public) should suffer any harm as a result of its work;
3. Investing in staff development: ensuring sufficient opportunities for the development of internal talent is a critical business objective;
4. Maintaining high operational governance standards: ensuring appropriate management of risk at a project level across geographies; and
5. Ensuring regulatory compliance: the challenge of operating across multiple jurisdictions creates a unique set of challenges to ensure smooth business operations.

A number of initiatives, policies and processes are in place to ensure that these ESG issues are managed effectively, and opportunities to improve performance are identified and prioritise.

Principal risks and uncertainties

The demand for the group's products and services throughout Europe is dependent upon customer investment in manufacturing and processing plant, the relocation or reconfiguration of manufacturing facilities and the hire of equipment. This manufacturing activity is reliant on general economic conditions and the amount of public sector and private company expenditure. The current economic environment in Europe remains uncertain.

Financial risk management objectives and policies
The group's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and price risk. The group does not use derivative financial instruments for speculative purposes.

Strategic report (continued)

Cash flow risk

The group's activities expose it to financial risks associated with changes in foreign currency exchange rates and interest rates. The Beck & Pollitzer group seeks to match its foreign currency assets and cash flows to minimise these exposures. The payment-in-kind shareholder loan notes comprise the majority of the group's debt and carry a fixed rate of interest. The interest rate arising from the bank loans is monitored by the directors and mitigated by use of interest rate caps where relevant. The previous interest rate cap agreement expired during the year under review and further arrangements will be put in place if considered appropriate by the directors.

Credit risk

The group's principal financial assets are bank balances and cash, amounts recoverable on contracts and trade and other receivables.

The group's credit risk is primarily attributable to its trade, contract receivables and bank balances. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is monitored by reviewing the financial status and credit ratings of bank counterparties.

Liquidity risk

The liquidity risk of the group is managed by the directors by reviewing the timing of future cash inflows from the provision of services, including organising payments on account in respect of contracts and the timing of future payments, including capital expenditure and loan repayments, in order to anticipate the group's cash flow requirements and to enable sufficient funding to be arranged to finance any anticipated borrowing requirements. The company is part of a group financing structure and facility agreement which provides liquidity for the operations of each company in the group through the provision of long-term finance through term borrowing and short-term finance through overdraft facilities. The group also utilises hire purchase borrowing to finance the purchase of certain fixed assets.

Price risk

The group is exposed to limited commodity price risk, in particular steel and diesel. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

Employees

The group makes no distinction between disabled and able-bodied persons in recruiting, employment, training, career development and promotion, provided that any disability does not make the particular employment impractical or not possible under the stringent statutory requirements under which the group operates.

The group encourages the involvement of employees by a variety of means. Formal and informal meetings are held to keep employees informed and for the purpose of consulting them. Information is provided through employee notices and bulletins and every opportunity is taken to ensure as far as practicable that employees are fully aware of the financial and other factors which affect the group's performance.

Subsequent events

The directors are not aware of any important events affecting the group which have occurred since the end of the year.

Approved by the Board and signed on its behalf by:

F.D. Runciman
Company Secretary
22 April 2016

Directors' responsibilities statement

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Principal activities during the course of the year

The principal activity of the company is that of a parent company for the Beck & Pollitzer group, whose principal activity is engineering services, which includes: mechanical installations, industrial removals and associated services, forklift truck hire, crane hire and transport. There has been no significant change in these activities during the year.

Future developments, going concern, financial risk management, policies in respect of disabled persons and employee involvement, and events after the balance sheet date

Details of future developments, going concern, financial risk management, policies in respect of disabled persons and employee involvement, and events that have occurred after the balance sheet date can be found in the Strategic report on pages 2 to 6 and form part of this report by cross-reference.

Dividends

The directors do not recommend the payment of a final dividend on the ordinary shares. No interim dividend was paid in 2015 (2014: £nil).

Directors and their interests

The directors who served during the year were:

C.L. Matthews	
A. Hodgson	
F.D. Runciman	
S. Bonnard	
R. Jenkins	(resigned 23 September 2015)
J. Lach	
R. Prouvost	
M. Stroud	(appointed 23 September 2015)

Directors' indemnity

The group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to be reappointed as the company's auditor 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.

Approved by the Board and signed on its behalf by:

F.D. Runciman
Company Secretary
22 April 2016

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of

Beck & Pollitzer Limited

We have audited the financial statements of Beck & Pollitzer Limited for the year ended 31 December 2015 which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated statement of changes in equity, the Consolidated cash flow statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2015 and of the profit of the group 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of

Beck & Pollitzer Limited (continued)

Matters on which we are required to report by exception

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

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

David Bell (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 April 2016

Beck & Pollitzer Limited

Consolidated profit and loss account
For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	73,123,390	68,593,103
Raw materials and consumables		(24,585,343)	(24,359,992)
Other external charges		(24,985,289)	(20,739,769)
Staff costs	4	(10,628,180)	(10,336,196)
Depreciation of tangible fixed assets	10	(1,110,226)	(1,037,883)
Amortisation of goodwill	9	(634,535)	(634,535)
Other operating charges		(5,911,154)	(6,626,952)
		(67,854,727)	(63,735,327)
Operating profit before amortisation of goodwill and exceptional items		6,041,228	5,634,617
Amortisation of goodwill	6	(634,535)	(634,535)
Exceptional items	6	(138,030)	(142,306)
Operating profit		5,268,663	4,857,776
Accrued payment-in-kind shareholder loan note interest		(1,906,205)	(1,821,658)
Other interest		(818,645)	(503,854)
Finance costs (net)	5	(2,804,850)	(2,325,512)
Profit on ordinary activities before taxation	6	2,463,813	2,532,264
Tax on profit on ordinary activities	7	(768,044)	(1,019,190)
Profit for the financial year	8	1,695,769	1,513,074

All results derive from continuing operations.

Consolidated statement of comprehensive income
For the year ended 31 December 2015

	Note	2015 £	2014 £
Retained profit for the financial year		1,695,769	1,513,074
Actuarial gains/(loss) relating to pension scheme	22	943,000	(1,212,000)
Actuarial return on pension assets less interest	22	(326,000)	1,245,000
Limit on recognised pension assets excluding amounts included in net interest	22	(300,000)	-
Revaluation of non-sterling denominated bank loans		(682,121)	676,598
Currency translation difference on foreign net investments		(1,273,175)	(2,911,655)
Other comprehensive income		(1,638,296)	(2,202,057)
Total comprehensive income		57,473	(688,983)

Consolidated balance sheet
At 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible fixed assets	9	46,321,085	48,240,456
Tangible fixed assets	10	5,168,106	5,341,875
		51,489,191	53,582,331
Current assets			
Stocks	12	11,363	32,595
Debtors: due within one year	13	21,250,018	16,751,321
Debtors: due after one year	14	276,777	-
Cash at bank and in hand		6,484,376	4,677,885
		28,022,534	21,461,801
Creditors: amounts falling due within one year	16	(18,930,990)	(13,427,605)
Net current assets		9,091,544	8,034,196
Total assets less current liabilities		60,580,735	61,616,527
Payment-in-kind shareholder loan notes	17a	(39,711,802)	(37,805,597)
Other creditors		(14,032,873)	(16,702,343)
Creditors: amounts falling due after more than one year	17	(53,744,675)	(54,507,940)
Provisions for liabilities	18	(485,337)	(508,337)
Net assets excluding pension liability		6,350,723	6,600,250
Pension liability	22	-	(307,000)
Net assets including pension liability		6,350,723	6,293,250
Capital and reserves			
Called-up share capital	19	7,459	7,459
Share premium account	19	495,000	495,000
Profit and loss account	19	5,848,264	5,790,791
Shareholders' funds		6,350,723	6,293,250

The financial statements of Beck & Pollitzer Limited, registered number 06344191, were approved and authorised for issue by the Board of Directors on 22 April 2016.
They were signed on its behalf by:

A. Hodgson — Director

F.D. Runciman — Director

Company balance sheet
At 31 December 2015

	Note	2015	2014
		£	£
Fixed assets			
Investments	11	1	1
Current assets			
Debtors: due within one year	13	-	1,763
Debtors: due after one year	14	534,999	517,499
Cash at bank and in hand		110,497	108,735
		645,496	627,997
Creditors: amounts falling due within one year	16	(17,961)	(14,419)
Net current assets		627,535	613,578
Net assets		627,536	613,579
Capital and reserves			
Called-up share capital	19	7,459	7,459
Share premium account	19	495,000	495,000
Profit and loss account	19	125,077	111,120
Shareholders' funds		627,536	613,579

The financial statements of Beck & Pollitzer Limited, registered number 06344191, were approved and authorised for issue by the Board of Directors on 22 April 2016.
They were signed on its behalf by:

A. Hodgson
Director

F.D. Runciman
Director

Consolidated Statement of Changes in Equity
At 31 December 2015

Group	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
At 31 December 2013, as previously stated	7,459	495,000	6,479,774	6,982,233
Changes on transition to FRS 102 (note 25)	-	-	-	-
At 1 January 2014, as restated	7,459	495,000	6,479,774	6,982,233
Profit for the financial year	-	-	1,513,074	1,513,074
Other recognised gains	-	-	33,000	33,000
Currency translation difference on:				
- non sterling denominated bank loans	-	-	676,598	676,598
- foreign currency net investments	-	-	(2,911,655)	(2,911,655)
Total comprehensive income	-	-	(688,983)	(688,983)
At 31 December 2014	7,459	495,000	5,790,791	6,293,250
Profit for the financial year	-	-	1,695,769	1,695,769
Other recognised gains	-	-	317,000	317,000
Currency translation difference on:				
- non sterling denominated bank loans	-	-	(682,121)	(682,121)
- foreign currency net investments	-	-	(1,273,175)	(1,273,175)
Total comprehensive income	-	-	57,473	57,473
At 31 December 2015	7,459	495,000	5,848,264	6,350,723

Company	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
At 31 December 2013, as previously stated	7,459	495,000	97,382	599,841
Changes on transition to FRS 102 (note 25)	-	-	-	-
At 1 January 2014, as restated	7,459	495,000	97,382	599,841
Profit for the financial year	-	-	13,738	13,738
Total comprehensive income	-	-	13,738	13,738
At 31 December 2014	7,459	495,000	111,120	613,579
Profit for the financial year	-	-	13,957	13,957
Total comprehensive income	-	-	13,957	13,957
At 31 December 2015	7,459	495,000	125,077	627,536

Consolidated cash flow statement
For the year ended 31 December 2015

	Note	2015 £	2014 £
Net cash flows from operating activities	23	4,419,503	2,923,467
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,782,399)	(869,764)
Sale of tangible fixed assets		624,816	135,964
Interest element of finance lease and hire purchase rentals		(200)	-
Net cash flows from investing activities		(1,157,783)	(733,800)
Cash flows from financing activities			
Interest paid		(785,951)	(373,712)
Transaction costs		(56,668)	(268,327)
Repayment of bank loans		(612,581)	(1,440,244)
Other loans		(29)	(13,898)
Net cash flows from financing activities		(1,455,229)	(2,096,181)
Net increase in cash and cash equivalents in year		1,806,491	93,486
Cash and cash equivalents at beginning of year		4,677,885	4,584,399
Cash and cash equivalents at end of year		6,484,376	4,677,885

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Beck & Pollitzer Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Strategic report on pages 2 to 6.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 25.

The functional currency of Beck & Pollitzer Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

b. Basis of consolidation

The group financial statements consolidate the financial statements of Beck & Pollitzer Limited and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.
Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations affected prior to the date of transition.

c. Going concern

The directors have reviewed the going concern status of the group for the period of 12 months from the date of signing the financial statements by considering the cash position of the group as at 31 December 2015, its anticipated level of trading activity and the availability of the overdraft facilities as part of the group financing structure and facility agreement. Based on this review the directors have concluded that the going concern basis should be used in the preparation of the financial statements. Further details of this review are given in the Strategic report.

d. Intangible assets – goodwill

Goodwill, representing the excess of the cost of investments in subsidiary undertakings over the fair value of the underlying net assets at their date of acquisition, has been capitalised as an intangible asset. The goodwill is written off on a straight line basis over its economic useful life, which is 75 years. Provision is made for any impairment.

e. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment.
Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets, other than freehold land which is not depreciated. The rates of depreciation are as follows:

- Short leasehold property - period of the lease
- Freehold buildings - 2% - 5%
- Vehicles - 8% - 25%
- Plant and machinery - 8% - 20%
- Office equipment - 20% - 33%

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies (continued)

f. Stocks and work-in-progress

Stocks and work-in-progress, other than on long-term projects, are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.
Work-in-progress on long-term projects is included as amounts recoverable on contracts under debtors. This is at the fair value of the work undertaken to date. Advance and progress payments are included under creditors to the extent that they exceed the related work-in-progress. The change in work-in-progress is included within turnover.

g. Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance sheet when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical

1. Accounting policies (continued)

(i) Financial assets and liabilities (continued)

ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

h. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a cash generating unit ("CGU") is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1. Accounting policies (continued)

i. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j. Turnover

Turnover is stated net of trade discounts, VAT and other sales related taxes. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. The majority of contracts are short-term in nature and the group's revenue recognition policy for on-going short-term contracts as at the balance sheet date incorporates an element of overhead absorption to reflect the cost based nature of the contract. For long-term contracts, where it is considered that the outcome can be assessed with reasonable certainty before its conclusion, a percentage of the assessed margin is taken as profit at the balance sheet date based on the stage of completion of the contract as assessed by management. Where payments are received from customers in advance of services provided, the amounts are recorded in the balance sheet as payments received on account and included as part of creditors due within one year.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1. Accounting policies (continued)

k. Employee benefits

For defined benefit schemes, the net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits 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 in the balance sheet.

l. Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the weighted average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and the retranslation of foreign equity investments and bank loans financed through facilities borrowed in the same currency are reported in the statement of comprehensive income. All other exchange differences are included in the profit and loss account.

m. Leases and hire purchase contracts

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

n. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. Provisions are discounted if the effect is material.

o. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1. Accounting policies (continued)

p. Provision for trade debtors

Trade debtors are stated net of discounts, less any provisions for amounts that were considered to be unable to be recovered from customers. The group has a specific bad debt provision policy in which a provision is only made against customers at the point in time that management has obtained sufficient and reasonable evidence such that it was more likely than not that the customer will not be able to settle the amounts owed to the group. If a debt that was previously provided for is subsequently recovered, this is reversed in full at the point in which the outstanding amount is received from the customer.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Useful economic life of goodwill

The group's consolidated balance sheet includes goodwill, representing the excess of the cost of investments in subsidiary undertakings over the fair value of the underlying net assets at their date of acquisition. As part of the transition to Financial Reporting Standard 102, the directors were required to make a judgement to the useful economic life of the goodwill, which was determined to be 75 years.

Key source of estimation uncertainty

Revenue recognition

The group's turnover includes the value of work done on long-term contracts that remain in progress at the year end. In assessing this value, management are required to make judgements as to the expected final profit, stage of completion and costs to date of each such contract. In the light of these judgements, management was required to consider whether it was appropriate to recognise the revenue from these contracts in the current period, in line with the group's accounting policies or whether it was more appropriate to defer recognition until the work was complete. Based on their reviews, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition, where appropriate, of provisions for all future costs.

Impairment of goodwill

Determining whether the carrying values of the group's goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. At the balance sheet date, the directors are satisfied that no further provision was necessary against the carrying amount of goodwill at the balance sheet.

Notes to the financial statements
For the year ended 31 December 2015

3. Turnover

Turnover is attributable to the group's principal activity, attributable to the rendering of services, and is analysed by destination as follows:

	2015	2014
	£	£
United Kingdom	23,197,550	32,298,818
Other EU countries	33,684,880	23,664,959
Non EU countries	16,240,960	12,629,326
	73,123,390	68,593,103

4. Information regarding directors and employees

	2015	2014
	£	£
Directors' remuneration		
Emoluments	799,813	700,372
Contributions to money purchase pension scheme	67,369	108,553
	867,182	808,925
Highest paid director		
Emoluments including contributions to money purchase pension scheme of £35,096 (2014: £44,958)	287,335	268,009
	No.	**No.**
Directors who are members of a money purchase pension scheme	2	2
	No.	**No.**
Average monthly number of persons employed (including directors)		
Direct labour	340	318
Engineering and administration	312	244
	652	562
	£	**£**
Staff costs during the period (including directors)		
Wages and salaries	9,312,639	8,829,042
Social security costs	1,029,589	1,264,084
Other pension costs	285,952	243,070
	10,628,180	10,336,196

Notes to the financial statements
For the year ended 31 December 2015

5. Finance costs (net)

	2015	2014
	£	£
Payment-in-kind shareholder loan notes (note 17a)	1,906,205	1,821,658
Hire purchase interest	200	-
Amortisation of debt issue costs	102,494	116,142
Bank loan interest	600,739	536,867
	2,609,638	2,474,667
Net interest charge relating to pension scheme (note 22)	10,000	14,000
Foreign exchange loss / (gain) relating to financing	75,874	(148,982)
Other interest paid / (received)	109,338	(14,173)
	2,804,850	2,325,512

The interest on the payment-in-kind shareholder loan notes is accrued only and is not payable until there is an election by the company to do so (in kind or in cash) or on the repayment of the principal. All the loan notes are held by shareholders and do not represent a cash burden on the business.

6. Profit on ordinary activities before taxation

	2015	2014
	£	£
Profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation		
- owned assets	1,103,957	1,037,883
- assets held under finance leases and hire purchase contracts	6,269	-
Amortisation of goodwill	634,535	634,535
Operating lease rentals		
- land and buildings	450,226	361,726
- plant and machinery	7,635,075	7,991,896
Loss/(Profit) on sale of tangible fixed assets	79,311	(20,670)

6. Profit on ordinary activities before taxation (continued)

The analysis of auditor's remuneration is as follows:

	2015	2014
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	5,200	5,200
Fees payable to the company's auditor and its associates for other services to the group		
The audit of the company's subsidiaries	71,500	70,800
Total audit fees	76,700	76,000
Other services:		
Other assurance services including in respect of financial covenants	7,500	8,000
Tax services	62,500	15,300
Other services	4,800	7,300
Total non-audit fees	74,800	30,600

Exceptional items

	2015	2014
	£	£
Loss on sale of tangible assets	125,570	-
Restructuring costs	12,460	142,306
	138,030	142,306

The exceptional items relate to a restructuring programme carried out in the UK which is one-off in nature and the disposal of a freehold property.

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2015	2014
	£	£
Current tax		
United Kingdom corporation tax at 20.25% (2014: 21.50%)	220,925	134,158
Foreign tax	1,135,527	1,072,132
	1,356,452	1,206,290
Prior year adjustment – United Kingdom corporation tax	200,000	(32,133)
Prior year adjustment – overseas corporation tax	(256,581)	(154,967)
Total current tax	1,299,871	1,019,190
Deferred tax		
Origination and reversal of timing differences	(564,762)	-
Effect of changes in tax rates	32,935	-
Total deferred tax (note 15)	(531,827)	-
Total tax on profit on ordinary activities	768,044	1,019,190

(b) Factors affecting current tax charge for the year

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015	2014
	£	£
Profit on ordinary activities before taxation	2,463,813	2,532,264
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	498,922	544,437
Effects of:		
Disallowed expenses	665,041	703,244
Income not taxable	(86,624)	-
Capital allowances lower than depreciation	-	(142,909)
Short-term timing differences	-	21,513
Overseas tax rates	14,340	42,652
Tax rate changes	77,730	-
Pension scheme contributions	-	(51,638)
Prior period adjustments	-	8,173
Utilisation of tax losses	(401,365)	(106,282)
Total tax charge for the year	768,044	1,019,190

7. Tax on profit on ordinary activities (continued)

(c) Factors affecting future tax charge

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax asset as at 31 December 2015 has been calculated at a blended rate of 18.59% reflecting the tax rates at which the different deferred tax assets are expected to be utilised in future periods. During the year beginning 1 January 2016, the net reversal of deferred tax assets is expected to decrease the corporation tax charge for the year by £255,050. This is due to the expected utilisation of the non-trading loan relationship deficit in Beck & Pollitzer Holdings Limited and utilisation of the PIK notes in Beck & Pollitzer Midco Limited.

8. Profit attributable to the company

The profit for the year reported in the financial statements of the parent company, Beck & Pollitzer Limited, is £13,957 (2014: £13,738). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

9. Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2015	52,309,817
Foreign exchange adjustment	(4,719,662)
At 31 December 2015	47,590,155
Accumulated amortisation	
At 1 January 2015	634,535
Charge for the year	634,535
At 31 December 2015	1,269,070
Net book value	
At 31 December 2015	46,321,085
At 31 December 2014	48,240,456

10. Tangible fixed assets

Group	Short leasehold property £	Freehold property £	Vehicles £	Plant and machinery £	Office equipment £
Cost					
At 1 January 2015	407,971	3,005,326	1,545,907	8,997,168	1,134,747
Foreign exchange adjustment	(2,062)	(12,686)	(69,568)	(127,250)	(28,212)
Additions	4,440	16,000	443,221	1,097,933	220,805
Disposals	(1,678)	(922,527)	(173,750)	(73,102)	(42,843)
At 31 December 2015	408,671	2,086,113	1,745,810	9,894,749	1,284,497
Accumulated depreciation					
At 1 January 2015	379,089	792,555	958,461	6,802,960	816,179
Foreign exchange adjustment	(222)	(8,428)	(38,186)	(29,606)	(21,521)
Charge for the year	7,103	30,994	229,384	642,459	200,286
Disposals	(19)	(257,590)	(151,575)	(67,175)	(33,414)
At 31 December 2015	385,951	557,531	998,084	7,348,638	961,530
Net book value					
At 31 December 2015	22,720	1,528,582	747,726	2,546,111	322,967
At 31 December 2014	28,882	2,212,771	587,446	2,194,208	318,568

Included in freehold property is land totalling £1,251,500 (2014: £1,748,500) which is not depreciated.

Notes to the financial statements
For the year ended 31 December 2015

11. Fixed asset investments

Subsidiary undertakings	Group £	Company £
Cost and net book value		
At 31 December 2015 and at 31 December 2014	-	1

The following subsidiary undertakings are involved directly or indirectly in the group's principal activities and are consolidated in these group financial statements.

Subsidiary undertaking	Country of incorporation if outside Great Britain	% of ordinary share capital and voting rights owned by the group
B&P Acquisitionco Limited		100%
B&P Midco Limited		100%
Beck & Pollitzer Holdings Limited		100%
Beck & Pollitzer Engineering Holdings Limited		100%
Beck & Pollitzer Engineering Limited		100%
Beck & Pollitzer Engineering Contracts Limited		100%
BPE Polandco Limited		100%
Beck & Pollitzer Czech spol. s.r.o.	Czech Republic	100%
Beck & Pollitzer Engineering Services Czech s.r.o.	Czech Republic	100%
Beck & Pollitzer France SAS	France	100%
Beck & Pollitzer Deutschland GmbH	Germany	100%
Beck & Pollitzer Hungary Kft	Hungary	100%
Beck & Pollitzer India Private Limited	India	100%
Beck & Pollitzer Italia SRL	Italy	100%
Beck & Pollitzer Polska Sp.z.o.o.	Poland	99%
Beck & Pollitzer Romania SRL	Romania	100%
Beck & Pollitzer SPb	Russia	100%
Beck & Pollitzer Slovakia s.r.o.	Slovakia	100%
Beck & Pollitzer Ticaret Ltd Sirketi	Turkey	100%
Bormek Elektrik Makina Ticaret Ltd Sirketi	Turkey	100%
Beck & Pollitzer Ukraine TOV	Ukraine	100%

The following wholly owned subsidiary undertakings are not consolidated on grounds of materiality:

BPE Pension Trustees Limited	- which acts as trustee of the group's pension scheme
BPE Employee Trustees Limited	- which acts as trustee of the Beck & Pollitzer Employee Benefit Trust
Beck & Pollitzer North America LLC	- which is a dormant company

The shares of Beck & Pollitzer Engineering Limited, Beck & Pollitzer Engineering Contracts Limited and BPE Employee Trustees Limited are held by Beck & Pollitzer Engineering Holdings Limited. The shares of BPE Polandco Limited are held by Beck & Pollitzer Polska sp. z.o.o. The shares of all other subsidiary undertakings are held by Beck & Pollitzer Engineering Limited.

12. Stocks

	Group 2015 £	Group 2014 £
Raw materials and consumables	11,363	32,595

13. Debtors: amounts falling due within one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade debtors	15,127,303	-	12,274,046	-
Amounts recoverable on contracts	3,562,440	-	2,095,873	-
Amounts owed by group undertakings	-	-	-	1,763
Corporation tax	-	-	88,419	-
Deferred tax (note 15)	255,050	-	-	-
Other debtors	1,245,086	-	1,066,988	-
Prepayments and accrued income	1,060,139	-	1,225,995	-
	21,250,018	-	16,751,321	1,763

14. Debtors: amounts falling due after more than one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Amounts owed by group undertakings	-	534,999	-	517,499
Deferred tax (note 15)	276,777	-	-	-
	276,777	534,999	-	517,499

15. Deferred tax assets

Deferred tax is provided as follows:

Group	2015 £	2014 £
Fixed asset timing differences	55,186	-
Short-term timing differences	62,549	-
Non-trading timing differences	169,825	-
Tax losses carried forward	244,267	-
Deferred tax asset	531,827	-

16. Creditors: amounts falling due within one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Bank loan (note 17)	1,500,000	-	-	-
Other loans	93,006	-	93,035	-
Payments received on account	2,533,075	-	1,403,314	-
Trade creditors	6,405,627	-	7,408,396	-
Corporation tax	1,119,437	17,961	531,691	14,419
Other taxation and social security	1,670,905	-	1,409,202	-
Other creditors	1,715,861	-	908,698	-
Accruals and deferred income	3,893,079	-	1,673,269	-
	18,930,990	17,961	13,427,605	14,419

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

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Bank loans:				
- due between one and two years	14,032,873	-	-	-
- due between two and five years	-	-	16,702,343	-
Payment-in-kind shareholder loan notes	39,711,802	-	37,805,597	-
	53,744,675	-	54,507,940	-

(a) Payment-in-kind shareholder loan notes

	Group 2015 £	Group 2014 £
At 1 January	37,805,597	35,983,939
Interest accrued for the year	1,906,205	1,821,658
At 31 December	39,711,802	37,805,597

The payment-in-kind shareholder loan notes are not repayable until there is a change of control of the company or after all the bank facilities are repaid and include £13,189,642 of accrued interest (2014: £11,283,437). All the loan notes are held by shareholders and do not represent a cash burden on the business.

The payment-in-kind notes, which were previously privately owned, were listed on the Cayman Islands Stock Exchange (CISE) on 28 December 2014. Following the listing, the payment-in-kind notes were fully subscribed by the same previous owners. The payment-in-kind notes have been classified as a financial liability and are held within the financial statements at amortised cost.

(b) Bank loans

The bank loans are stated net of unamortised issue costs of £214,845 (2014: £260,661). The bank loan and committed bank overdraft are secured by fixed and floating charges over the group's properties, book debts, plant and machinery, other assets and business undertakings and mortgages of Keyman insurance policies. The bank loans and committed working capital facility, due between two and five years, bear interest linked to LIBOR. The bank loans and committed working capital facility are not due for renewal until 2017.

18. Provisions for liabilities

	Onerous lease	Dilapidations	Total
	£	£	£
At 1 January 2015	23,000	485,337	508,337
Credited to the profit and loss account	(23,000)	-	(23,000)
At 31 December 2015	-	485,337	485,337

Dilapidations provision

The dilapidations provision is the estimated cost of work required to make good the group's leased sites and is based on estimates provided by independent quantity surveyors.

Onerous lease

The onerous lease provision was the difference between the market value and the cost of one of the group's leased sites.

19. Called-up share capital

	2015 Number of shares	2015 Nominal Value £	2014 Number of shares	2014 Nominal Value £
Allotted, called-up and fully paid				
A Ordinary shares of 1p each	570,111	5,701	570,111	5,701
B Ordinary shares of 1p each	175,765	1,758	175,765	1,758
		7,459		7,459

The company has authorised share capital of £7,500 divided into 570,111 A ordinary shares of 1p each and 179,765 B ordinary shares of 1p each. Particulars of the rights of each class of share are as follows, subject to the provisions of the Companies Act 2006:

- Dividends: dividends are payable after the redemption, repurchase or repayment in full of all of the 5 per cent fixed rate unsecured loan notes issued or to be issued by B&P Midco Limited and all sums due including interest. Any dividend paid shall belong and be paid to the holders of the A Shares and B Shares (pari passu) in proportion to the number of shares held by them.
- Capital: on return of assets on a liquidation, reduction of capital or otherwise the A Shares and B Shares rank pari passu but shall constitute a separate class of shares.
- Voting: one vote per member present in person or by proxy on a show of hands. On a poll every holder of A Shares or B Shares so present shall have one vote for each A Share or B Share held.

The group and company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Capital commitments

	Group 2015 £	Group 2014 £
Contracted for but not provided	-	668,322

21. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Leases which expire:				
In less than one year	101,288	79,016	79,788	55,022
One to five years	15,750	143,284	37,250	197,907

22. Pension scheme

Pension cost – Final Salary Section

The company operates a UK registered trust based pension scheme that provides defined benefits (also known as final salary benefits). Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustee of the Scheme is required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of pension scheme members:

- Deferred members – members who have left service with deferred benefits
- Pensioner members – in receipt of pension

Future Funding Obligation

The Trustee of the Scheme is required to ensure an actuarial valuation is carried out every 3 years. At the last valuation which was carried out by the Scheme Actuary at 5 April 2013, the market value of assets was sufficient to cover 100% of the benefits that had accrued to members in the final salary section of the Scheme. As no further benefits are accruing in the final salary section, and as there was a small surplus at the valuation date, the Trustee agreed with the Employer that with effect from 1 September 2013, there was no requirement at the time for the Employer to pay contributions in respect of the final salary section of the Scheme. The Employer does not therefore expect to pay any contributions to the final salary section of the Scheme during the year beginning 1 January 2016. However, the contribution requirement will be reviewed at the next valuation of the Scheme, due as at 5 April 2016.

22. Pension scheme (continued)

Assumptions

The results of the most recent formal valuation as at 5 April 2013 have been updated to 31 December 2015 by a qualified independent actuary. The assumptions used were as follows:

	Year Ended 31-Dec 2015	Year Ended 31-Dec 2014
Significant actuarial assumptions		
Discount Rate	3.60% pa	3.30% pa
RPI Inflation	2.90% pa	3.00% pa
CPI Inflation	1.90% pa	2.00% pa
Other actuarial assumptions		
Pension increases:		
3% or CPI if less	1.70% pa	1.80% pa
3% or RPI if less	2.50% pa	2.50% pa
5% or CPI if less, with a minimum of 3% or RPI if less	2.50% pa	2.50% pa
Revaluation of deferred pensions in excess of GMP	1.90% pa	2.00% pa
Mortality Assumptions		
Mortality (pre-retirement)	90%AMC00/100%AFC00	90%AMC00/100%AFC00
	S2PMA/S2PFA	S2PMA/S2PFA
Mortality (post-retirement)	CMI_2015 Model (1.25%)	CMI_2014 Model (1.25%)
Life Expectancies (in years)		
For an individual aged 65 in 2015	Males: 22.1, Females: 24.1	Males: 22.4, Females: 24.4
At age 65 for an individual aged 45 in 2015	Males: 23.8, Females: 26.0	Males: 24.1, Females: 26.3

Reconciliation of Scheme's assets and defined benefit obligation

	Assets	Defined Benefit Obligation	Total
	£	£	£
At 1 January 2015	15,294,000	(15,601,000)	(307,000)
Benefits paid	(816,000)	816,000	-
Interest income / (expense)	491,000	(501,000)	(10,000)
Remeasurement gains/(losses)			
- actuarial gains	-	943,000	943,000
- return on assets excluding interest income	(326,000)	-	(326,000)
At 31 December 2015	14,643,000	(14,343,000)	300,000

22. Pension scheme (continued)

Assets

The fair value of the assets of the Scheme was:

	Year Ended 31-Dec 2015 £	Year Ended 31-Dec 2014 £
Growth assets (Diversified Growth Fund)	5,002,000	5,606,000
Bonds	9,549,000	9,557,000
Cash	92,000	131,000
Total	14,643,000	15,294,000

The return on the assets was:

	Year Ended 31-Dec 2015 £	Year Ended 31-Dec 2014 £
Interest income	491,000	595,000
Return on assets less interest income	(326,000)	1,245,000
Total return on assets	165,000	1,840,000

Reconciliation to the consolidated balance sheet

	Year Ended 31-Dec 2015 £	Year Ended 31-Dec 2014 £
Market value of assets	14,643,000	15,294,000
Present value of defined benefit obligation	(14,343,000)	(15,601,000)
Funded status	300,000	(307,000)
Irrecoverable surplus	(300,000)	-
Pension asset/(liability) recognised in the Consolidated balance sheet before allowance for deferred tax	-	(307,000)

The pension surplus of £300,000 as at 31 December 2015 has not been recognised in accordance with the Scheme rules.

Amounts recognised in the Consolidated profit and loss account	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
Net interest charged to profit and loss account	10,000	14,000

22. Pension scheme, (continued)

Amounts recognised in Other comprehensive income

	Year Ended 31-Dec 2015 £	Year Ended 31-Dec 2014 £
Actuarial gains/(losses) on defined benefit obligation	943,000	(1,212,000)
Actual return on assets less interest	(326,000)	1,245,000
Limit on recognised assets excluding amounts included in net interest	(300,000)	-
Amount recognised in Other comprehensive income	317,000	33,000

23. Cash flow statement

Reconciliation of operating profit to net cash flows from operating activities

	2015 £	2014 £
Operating profit	5,268,663	4,857,776
Depreciation charges	1,110,226	1,037,883
Amortisation of goodwill	634,535	634,535
Loss/(Profit) on sale of tangible fixed assets	79,311	(20,670)
Foreign exchange differences	(1,066,704)	(1,169,476)
Operating cash flows before movement in working capital	6,026,031	5,340,048
Decrease/(increase) in stocks	21,232	(28,695)
(Increase)/decrease in debtors	(4,332,066)	3,179,913
Increase/(decrease) in creditors	3,392,668	(4,821,599)
Corporation tax paid	(688,362)	(746,200)
Net cash flows from operating activities	4,419,503	2,923,467

24. Controlling party

The ultimate parent is Bridgepoint Advisers Group Limited. However, the directors consider the controlling party to be BDC LP.

These financial statements are the smallest for which group financial statements are prepared and in which the company is included and Bridgepoint Advisers Group Limited is the largest entity into which the results of the company are consolidated. Copies of the Beck & Pollitzer Limited and Bridgepoint Advisers Group Limited financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

25. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition.

The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, the goodwill accounting policy has changed to comply with that standard (note 1).

Reconciliation of equity

	Group At 31 December 2014 £	Company At 31 December 2014 £
Equity reported under previous UKGAAP	6,927,785	613,579
Adjustments to equity on transition to FRS 102:		
- amortisation of goodwill	(634,535)	-
- change in actuarial gains	274,000	-
- change in net pension scheme interest	(274,000)	-
Equity reported under FRS 102	6,293,250	613,579

Reconciliation of profit for 2014

	Group £	Company £
Profit for the financial year under previous UK GAAP	2,421,609	13,738
- amortisation of goodwill	(634,535)	-
- change in net pension scheme interest	(274,000)	-
Profit for the financial year under FRS 102	1,513,074	13,738

Amortisation of goodwill

Previously, the directors considered that it was not appropriate to amortise the group's goodwill, being its investment in various trademarks, future cash flows and a developing and growing business. An annual impairment review was undertaken and the carrying value of goodwill adjusted to its recoverable value if required.

Under FRS 102, the directors have now decided that a useful life of 75 years is appropriate for the goodwill and it is being amortised on a straight line basis over that period. The group's profits for 2014 have been restated to reflect this change in accounting policy, with effect from 1 January 2014.

25. Explanation of transition to FRS 102 (continued)

Pension funding adjustments

Under the previous UK GAAP, the expected return on defined benefit plan assets was recognised in the profit and loss account. Under FRS102, the interest income is calculated by reference to the discount rate and does not reflect the expected return on the assets. Prior year figures have been restated.

Reconciliation on transition	Year Ended 31-Dec 2014 £
Expected return on assets	(869,000)
Interest income	595,000
Change in credit to profit and loss account	(274,000)

As the discount (interest) rate of 4.3% used to value the liabilities as at 31 December 2013 was lower than the expected return on assets of 6.28% determined as at 31 December 2013, the effect of the change has been to reduce the credit to the profit and loss account in the year to 31 December 2014 and increase the credit to other comprehensive income by an equivalent amount.