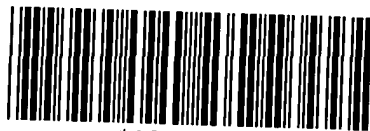


Registered number: 00603417

BEARMACH LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

TUESDAY



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COMPANIES HOUSE

BEARMACH LIMITED

COMPANY INFORMATION

Directors

J Burgess
A Garner
R Green
T Middleton
S Truckel

Company secretary

J Burgess

Registered number

00603417

Registered office

Unit 8 Pantglas Industrial Estate
Bedwas
Caerphilly
CF83 8GE

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
11-13 Penhill Road
Cardiff
South Glamorgan
CF11 9UP

BEARMACH LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 27

BEARMACH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

The focus on margin improvements has been achieved in 2018, however this has seen turnover decrease slightly as some lower margin business has not been progressed. Improved recovery of freight cost from customers has also been addressed during the year as these worsened significantly in early 2018 as the customer mix changed.

A legal dispute with Jaguar Land Rover Limited relating to legacy trading arrangements has been agreed in 2019.

Future prospects

Modest growth is planned for 2019 with key focus being margin and efficiency improvements.

Key performance indicators

Financial

- Turnover and profit are key measures of the Company's performance. Turnover decreased in the year to £37.0 million (2017: £40.0 million), with loss before tax £0.9 million (2017: profit before tax £0.3 million). The directors report a 7.7% decrease in Turnover for 2018.
- Working capital management is seen as an important target for the business. At the year end, the net current asset level was £12.1 million (2017: £12.6 million)

Risk management

On 29 March 2017, the UK Government triggered Article 50 which started the process of leaving the EU. At this stage the directors consider the key implications to be exchange rate functions and potential changes to tariff and non-tariff barriers. The directors will keep those matters under consideration as negotiations between UK and EU continue.

The Company uses various financial instruments including cash, secured overdraft facilities, stocking finance and various items such as trade debtors and trade creditors which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit risk, currency risk and Brexit.

Interest rate risk

The Company's exposure to market risk for the changes in interest rates relates primarily to the Company's banking facilities.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Credit risk

The principal credit risk lies with trade debtors. The Company provides extended credit terms but manages the risk by setting credit limits and in some cases undertakes credit insurance.

BEARMACH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Currency risk

A significant amount for the Company's turnover is generated in overseas markets, potentially subjecting the Company to currency risk. However, the majority of the Company's overseas turnover is invoiced in sterling thus mitigating the risk associated with movements in foreign exchange. Any such movements that do affect the Company are not hedged and therefore any financial assets and liabilities are settled at spot rates of exchange when they fall due.

Brexit

The impact of Brexit will be minimal for the business as we are already export worldwide and have all the necessary skills and processes in place.

This report was approved by the board on 27th August 2019 and signed on its behalf.



J Burgess
Director

BEARMACH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £932 thousand (2017: profit £446 thousand).

No dividends were paid or are proposed for the financial year (2017: £Nil).

Directors

The directors who served during the year were:

J Burgess
A Garner
R Green
T Middleton
S Truckel

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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 and other information included in Directors' reports may differ from legislation in other jurisdictions.

BEARMACH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Political contributions

The Company made no political donation or incurred any political expenditure during the year (2017: £Nil).

Future developments

Modest growth is planned for 2019 with key focus being margin and efficiency improvements.

Post balance sheet events

A legal dispute with Jaguar Land Rover Limited relating to legacy trading arrangements has been agreed in 2019. This has been adjusted in the financial statements as an exceptional cost.

Disclosure of information to auditor

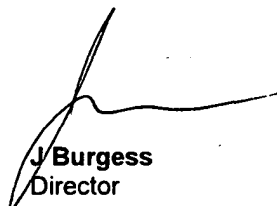
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company'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's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27TH AUGUST 2019 and signed on its behalf.



J Burgess
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEARMACH LIMITED

Opinion

We have audited the financial statements of Bearmach Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEARMACH LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEARMACH LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

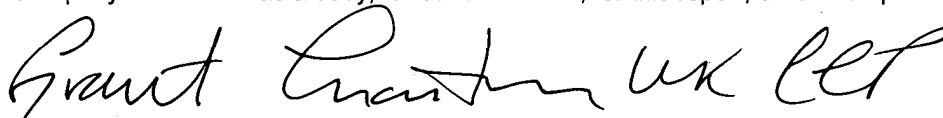
Auditor's responsibilities for the audit of the financial statements

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, 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.



Rhian Owen BSc FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff
Date:

21 AUGUST 2019

BEARMACH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	36,956	40,025
Changes in stocks of finished goods		16	(209)
Raw materials and consumables		(30,600)	(33,070)
Other external charges		(2,077)	(1,749)
Staff costs	7	(3,808)	(4,244)
Depreciation and other amounts written off tangible fixed assets and investments held as fixed assets		(186)	(190)
Exceptional administrative expenses		(921)	-
Operating (loss)/profit		(620)	563
Interest payable and expenses	9	(254)	(242)
(Loss)/profit before tax		(874)	321
Tax on (loss)/profit	10	(58)	125
(Loss)/profit for the financial year		(932)	446

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

All of the company's operations included in the results above relate to continuing activities.

There was no other comprehensive income for 2018 (2017:£000NIL).

The notes on pages 11 to 27 form part of these financial statements.

BEARMACH LIMITED
REGISTERED NUMBER:00603417

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	12	28	32
Tangible assets	13	951	977
		<u>979</u>	<u>1,009</u>
Current assets			
Stocks	15	5,592	5,573
Debtors: amounts falling due within one year	16	15,628	16,349
Cash at bank and in hand	17	319	442
		<u>21,539</u>	<u>22,364</u>
Creditors: amounts falling due within one year	18	(9,391)	(9,802)
Net current assets		<u>12,148</u>	<u>12,562</u>
Total assets less current liabilities		<u>13,127</u>	<u>13,571</u>
Creditors: amounts falling due after more than one year	19	(956)	(468)
Net assets		<u><u>12,171</u></u>	<u><u>13,103</u></u>
Capital and reserves			
Called up share capital	23	500	500
Profit and loss account	24	11,671	12,603
		<u><u>12,171</u></u>	<u><u>13,103</u></u>

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



27-8-19

T Middleton
Director

The notes on pages 11 to 27 form part of these financial statements.

BEARMACH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	500	12,603	13,103
Loss for the year	-	(932)	(932)
At 31 December 2018	500	11,671	12,171

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	500	12,157	12,657
Profit for the year	-	446	446
At 31 December 2017	500	12,603	13,103

The notes on pages 11 to 27 form part of these financial statements.

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Bearmach Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Unit 8 Pantglas Industrial Estate, Bedwas, Caerphilly, CF83 8GE.

The financial statements have been prepared in Sterling, which is the functional currency of the Company. The financial statements have been rounded to the nearest £000s.

The principal activity of the Company during the year was the sourcing and supply of a range of motor parts and accessories to the United Kingdom and overseas.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ensco 502 Limited as at 31 December 2018 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Going concern

The directors have prepared forecasts for a period exceeding 12 months from financial statement approval date. Such forecasts support the going concern of the entity, with sufficient headroom on cash and banking covenants.

Therefore, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and have therefore continued to adopt a going concern basis in preparing the financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

BEARMACH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

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

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

2.8 Finance costs

Finance costs are charged to the 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.

2.9 Borrowing costs

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

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development costs	-	10	years straight line
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BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over life of lease
Plant and equipment	- 15% on written down value per annum
Motor vehicles	- 25% on written down value per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 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.

2.17 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.

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.18 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.

2.19 Provisions for liabilities

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

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

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

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Many of the amounts included in the financial statements involved the use of judgment and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regards to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Depreciation

The Company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimates useful lives.

Recoverability of trade debtors, intra-group debtors and stock

Provisions are made against irrecoverable assets. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

4. Turnover

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

	2018 £000	2017 £000
Sale of goods	36,956	40,025

In the opinion of the directors it would be seriously prejudicial to the interests of the Company to disclose a geographical analysis of turnover.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018 £000	2017 £000
Operating lease rentals	312	330
Depreciation and other amounts written off tangible fixed assets - owned assets	149	143
Depreciation and other amounts written off tangible fixed assets - assets under hire purchase contracts	32	47
Loss/(profit) on sales of fixed assets	-	3

BEARMACH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>25</u>	<u>15</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	<u>-</u>	<u>1</u>

7. Employees

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

	2018 £000	2017 £000
Wages and salaries	3,422	3,890
Social security costs	300	305
Cost of defined contribution scheme	86	49
	<u>3,808</u>	<u>4,244</u>

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

	2018 No.	2017 No.
Administration	104	106
Sales and distribution	39	50
	<u>143</u>	<u>156</u>

BEARMACH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Directors' remuneration

	2018	2017
	£000	£000
Directors' emoluments	439	607
Company contributions to defined contribution pension schemes	12	15
	<u>451</u>	<u>622</u>

During the year retirement benefits were accruing to 3 directors (2017: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,000 (2017: £192,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017: £Nil).

9. Interest payable and similar expenses

	2018	2017
	£000	£000
Bank loan and overdrafts	239	232
Finance charges on hire purchase contracts	15	10
	<u>254</u>	<u>242</u>

BEARMACH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	(3)	-
	(3)	-
Total current tax	(3)	-
Deferred tax		
Origination and reversal of timing differences	61	(125)
Total deferred tax	61	(125)
Taxation on profit/(loss) on ordinary activities	58	(125)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	(874)	321
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(166)	62
Effects of:		
Expenses not deductible for tax purposes	4	1
Capital allowances for year in excess of depreciation	(12)	23
Losses utilised for which no deferred tax asset was previously recognised	-	(64)
Other short term timing differences	171	-
Losses for which previously no deferred tax asset was recognised	61	(147)
Total tax charge for the year	58	(125)

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Exceptional items

	2018 £000	2017 £000
Settlement of legal case	921	-
	<u>921</u>	<u>-</u>

12. Intangible assets

	Development costs £000
Cost	
At 1 January 2018	36
At 31 December 2018	<u>36</u>
Amortisation	
At 1 January 2018	4
Charge for the year	4
At 31 December 2018	<u>8</u>
Net book value	
At 31 December 2018	<u>28</u>
At 31 December 2017	<u>32</u>

BEARMACH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Tangible fixed assets

	Leasehold improvements £000	Motor vehicles £000	Plant and equipment £000	Asset under construction £000	Total £000
Cost or valuation					
At 1 January 2018	135	234	2,761	33	3,163
Additions	6	-	156	-	162
Disposals	-	(12)	-	-	(12)
Transfers between classes	-	-	33	(33)	-
At 31 December 2018	141	222	2,950	-	3,313
Depreciation					
At 1 January 2018	108	141	1,937	-	2,186
Charge for the year	9	21	151	-	181
Disposals	-	(5)	-	-	(5)
At 31 December 2018	117	157	2,088	-	2,362
Net book value					
At 31 December 2018	24	65	862	-	951
At 31 December 2017	27	93	824	33	977

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

	2018 £000	2017 £000
Plant and equipment	123	155
	123	155

14. Fixed asset investments

At 31 December 2018 the company held 98% of the allocated ordinary share capital of Bearmach Brasil Limited (2017 - 98%), a dormant company incorporated in Brazil. This investment is fully provided for and therefore is not included in the balance sheet.

BEARMACH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Stocks

	2018 £000	2017 £000
Consumables	93	90
Finished goods for resale	5,499	5,483
	<u>5,592</u>	<u>5,573</u>

16. Debtors

	2018 £000	2017 £000
Trade debtors	4,178	4,450
Amounts due from parent undertaking	9,926	9,926
Amounts due from fellow subsidiary undertakings	947	947
Other debtors	260	296
Prepayments and accrued income	260	616
Tax recoverable	8	4
Deferred taxation	49	110
	<u>15,628</u>	<u>16,349</u>

Amounts due from fellow subsidiary undertakings are due in greater than one year.

17. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	319	442
Less: bank overdrafts	<u>(5,262)</u>	<u>(5,568)</u>

BEARMACH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdrafts	5,262	5,568
Bank loans	189	184
Trade creditors	3,205	3,068
Other taxation and social security	71	75
Obligations under hire purchase contracts	51	42
Accruals and deferred income	613	865
	<u>9,391</u>	<u>9,802</u>

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

	2018 £000	2017 £000
Bank loans	175	362
Obligations under hire purchase contracts	91	106
Accruals and deferred income	690	-
	<u>956</u>	<u>468</u>

The bank loan overdrafts are secured by a fixed and floating charges over the assets and undertakings of the Company.

20. Loans

Analysis of the maturity of loans is given below:

	2018 £000	2017 £000
Amounts falling due within one year		
Bank loans	189	184
Amounts falling due 2-5 years		
Bank loans	175	362
	<u>364</u>	<u>546</u>

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £000	2017 £000
Within one year	51	42
Between two and five years	91	106
	<u>142</u>	<u>148</u>

22. Deferred taxation

	2018 £000	2017 £000
At beginning of year	110	(14)
Charged to profit or loss	(61)	124
At end of year	<u>49</u>	<u>110</u>

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Capital allowances in excess of depreciation	(101)	(37)
Deferred tax asset in relation to accumulated losses	150	147
	<u>49</u>	<u>110</u>

23. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
500,000 (2017: 500,000) Ordinary shares of £1.00 each	<u>500</u>	<u>500</u>

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

24. Reserves

Profit and loss account

The Profit and loss account includes all current & prior periods retained profits & losses.

25. Contingent liabilities

	2018 £000	2017 £000
General indemnity to Barclays Bank PLC covering bonds, guarantees and indemnities which have been given to third parties by the bank	40	40

26. Capital commitments

There was no capital expenditure which was contracted for at the balance sheet date but not yet incurred (2017: £Nil).

27. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable to the scheme and amounts to £86,000 (2017: £49,000). There were outstanding contributions of £10,000 (2017: £6,000) at the end of the financial year.

28. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Land and buildings		
Within one year	312	326
Between two and five years	352	689
Over five years	-	-
	664	1,015

BEARMACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

29. Related party transactions

Ensco 502 Limited group

The Company has taken advantage of the exemption available under FRS 102 from disclosing transactions and balances with other wholly owned group companies that are part of the Ensco 502 Limited group.

Bearmach Brazil is a 98% subsidiary of Bearmach Limited. An amount of £524,000 (2017: £524,000) was due from Bearmach Brazil at the year-end.

GIL Investments Limited

The entity is a related party due to common directorship with the Company. During the year, the Company made purchases of £99,000 (2017: £60,000). An amount of £20,000 (2017: £Nil) was due to GIL Investments Limited at the year-end.

Maxim Corporate Limited

The entity is a related party due to common directorship with the Company. During the year, the Company made purchases of £197,000 (2017: £187,000). An amount of £Nil (2017: £Nil) was due to Maxim Corporate Limited at the year-end.

Key management personnel

Key management personnel are common with directors.

30. Post balance sheet events

A legal dispute with Jaguar Land Rover Limited relating to legacy trading arrangements has been agreed in 2019. This has been adjusted in the financial statements as an exceptional cost.

31. Controlling party

The Company is a wholly owned subsidiary of Ensco 502 Limited (Unit 8, Pantglas Industrial Estate, Bedwas, Caerphilly, CF83 8GE), a company backed by a number of private investors. The consolidated financial statements of Ensco 502 Limited within which this Company is included can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.