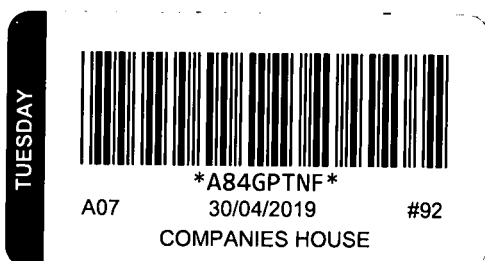


COMPANY REGISTRATION NO. 00693397 (England and Wales)

F.C. BROWN (STEEL EQUIPMENT) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018



F.C. BROWN (STEEL EQUIPMENT) LIMITED

COMPANY INFORMATION

Directors	A C Brown OBE (Chairman)	
	J D Atkin (Chief Executive)	
	H R Blackwell	
	P Ostrolenk	
	P A Crutcher	
	D W Botterill	(Appointed 1 October 2018)
	R Bayliss	(Appointed 1 October 2018)
	H Owen	(Appointed 1 October 2018)
	J Redmond	(Appointed 1 October 2018)
	D Appleby	(Appointed 8 February 2019)
Secretary	P R Ashdown	
Company number	00693397	
Registered office	Caswell Way Reevesland Industrial Estate Newport South Wales United Kingdom NP19 4PW	
Auditor	UHY Hacker Young Lanyon House Mission Court Newport South Wales United Kingdom NP20 2DW	

F.C. BROWN (STEEL EQUIPMENT) LIMITED

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F.C. BROWN (STEEL EQUIPMENT) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2018

The directors present the strategic report for the year ended 31 July 2018.

Review of business

There is no doubt that the year under review was a difficult one for the company culminating in a loss before exceptional items and taxation of £3.6m, compared to a loss of £0.9m in 2017.

The demand for the company's traditional steel storage products, primarily for the office environment remains in decline, particularly in the UK, as does the market for office storage generally. UK sales did however increase by 6.7% to £33.1m mostly as a result of the company's ongoing diversification policy into new and tangential markets, although during 2018 this sales growth generated low net margins. Overseas sales into European markets, which are substantially transacted through related Group companies fell by 1.1% to £19.6m, whereas sales to the Rest of the world increased 11.2% to £4.5m.

Gross margins continued to decline and reduced by 5.5% to 15.4% (2017: 20.9%) and was the main cause of the company's loss. Steel, the company's largest single gross margin cost element, increased by another 16% in the year on top of the 32% increase reported in 2017. Distribution costs also showed a significant 9.2% increase to 17.9% of sales (2017: 17.1%) as a result of higher installation costs associated with fitted furniture projects.

In order to reduce the company's operational cost base, restructuring costs of £0.4m were incurred. In addition, and following a fair value review, the directors recognised an impairment of £0.4m in its assets investment and provided for a further £0.2m to cover intercompany debts. These exceptional costs have been charged as costs to the current year's results; further details are set out in note 6 to the Financial Statements.

In April 2018, after over 20 years in Great Portland Street, London, the company opened its new showroom in Clerkenwell. The move has been well-received by both customers and employees, and a significant increase in customer visits has been recorded. Most of the employees who previously worked in Great Portland Street have relocated to offices in Clifton Street, Shoreditch. The capital cost of the refurbishment of both these premises was £0.4m.

We acknowledge the significant and continued contribution of our entire workforce in what was a difficult year, and particularly their flexibility in adapting to the increasingly variable and complex requirements of the market.

Principal risks and uncertainties

Demand risk

Fluctuations in the UK and Global economies pose the greatest risk to the company's short term performance. Our strategy of geographic and market diversification is focused on reducing this risk.

Price risk

The company is exposed to the risk of commodity price volatility which has been significant in recent years. The company remains vigilant and wherever possible enters into long-term price agreements for material costs and other components.

Current risk

The company's principal financial assets are bank balances and cash, short term investment and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made where there is evidence of a reduction in the recoverability of the cash flows. Where possible, and commercially practical to do so, the company insures its trade receivables. Average collection days for trade receivables in the year for UK customers was 76 days (2017: 62 days) and for overseas customers they averaged 73 days (2017: 73 days). The credit risk on liquid funds is spread and limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or have a significant UK Government shareholding.

Foreign exchange risk

The company's activities increasingly expose it to the financial risks of changes in foreign currency exchange rates. Where possible the company seeks to match purchases and sales in foreign currencies. When it is appropriate the company uses forward exchange contracts to reduce risk and protect it against adverse short term exchange movements.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

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

Future developments

The company, whilst retaining its core focus on the design, manufacture and distribution of steel storage products, continues to diversify with new ranges of products, often supplied into tangential markets. This includes all five lots for the Crown Commercial Service Framework RM3812 for new office, residential and storage furniture, and a repair and renovation service to encourage reuse of existing furniture. Although this Framework was awarded in September 2017, significant orders were not received until the current financial year.

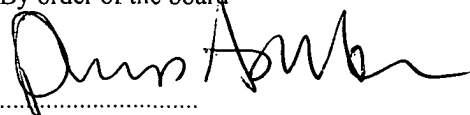
The closure of operations at Network Commercial Systems Limited's facility at Keynsham has resulted in an expansion of the manufacturing of wooden products in Newport. The focus is on the manufacture of products to support the Crown Commercial Service Framework requirements, along with other public sector office and residential projects.

The directors are pleased to report that the restructuring programme completed last year was successful and, from a lower cost base, notable productivity improvements have been achieved this year in our core business. These improvements, along with sales price increases, have restored margins to more respectable levels and have returned the company to profitability in the current year.

There is no doubt however that political uncertainties have reduced UK confidence and activity levels in the last couple of months, and unless market confidence is quickly restored, the last few months of the company's current financial year will be more challenging.

Since the end of the year, five additional board appointments have been made to enhance the breadth of experience, knowledge and skills within the leadership team. After three and a half years as Chief Executive, Richard Blackwell stepped down from this position and has been replaced as Chief Executive by John Atkin. The board would like to put on record our thanks to Richard for his time at the helm, and in particular for his strategic vision to position the company for the future. Richard remains on the board in an executive capacity.

By order of the board



.....
P R Ashdown
Secretary

.....
30/04/2019

F.C. BROWN (STEEL EQUIPMENT) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2018

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

Principal activities

The principal activity of the company continued to be that of the manufacture and distribution of office furniture.

Directors

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

A C Brown OBE (Chairman)

J D Atkin (Chief Executive)

H R Blackwell

R E Hearnshaw

(Resigned 18 June 2018)

P Ostrolenk

P A Crutcher

D W Botterill

(Appointed 1 October 2018).

R Bayliss

(Appointed 1 October 2018)

H Owen

(Appointed 1 October 2018)

J Redmond

(Appointed 1 October 2018)

D Appleby

(Appointed 8 February 2019)

Results and dividends

The results for the year are set out on page 8, a review of business is provided in the strategic report on page 1.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company recognises the importance of good communications and relations with all employees. Employees are regularly informed of the company's performance and are actively encouraged to discuss with management any matters which may be of concern to them. Suggestions from employees which may improve their working environment or the company's performance are welcomed.

In May 2015 an equity reorganisation in the company's parent company, Bisley Office Equipment Limited made it possible to transfer 20% of the equity from A C Brown's personal shareholding into an Employee Benefit Trust. All qualifying employees are invited to participate in a Company Share Option Plan to acquire shares held by the Trust. At the year end there were 392 employees in the scheme, having achieved the qualifying period of employment. Further details are provided in note 25 to the financial statements.

Auditor

The auditors, UHY Hacker Young, have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

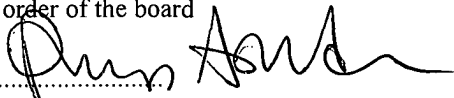
F.C. BROWN (STEEL EQUIPMENT) LIMITED

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



P R Ashdown

Secretary

Date: 30/07/2019

F.C. BROWN (STEEL EQUIPMENT) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2018

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 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 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 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.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF F.C. BROWN (STEEL EQUIPMENT) LIMITED

Opinion

We have audited the financial statements of F.C. Brown (Steel Equipment) Limited (the 'company') for the year ended 31 July 2018 which comprise the profit and loss account, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

F.C. BROWN (STEEL EQUIPMENT) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF F.C. BROWN (STEEL EQUIPMENT) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

UHY Hacker Young

Mr John Griffiths (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

21/04/2019

Chartered Accountants
Statutory Auditor

Newport
South Wales
United Kingdom

F.C. BROWN (STEEL EQUIPMENT) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 JULY 2018**

		2018	2017
	Notes	£'000	£'000
Turnover	3	57,141	54,821
Cost of sales		(48,314)	(43,355)
Gross profit		<u>8,827</u>	<u>11,466</u>
Distribution costs		(10,254)	(9,391)
Administrative expenses (including exceptional items, note 6)		(3,454)	(2,692)
Other operating income		<u>283</u>	<u>272</u>
Operating loss	4	(4,598)	(345)
Interest receivable and similar income	9	2	14
Interest payable and similar expenses	10	<u>(2)</u>	<u>(8)</u>
Loss before taxation		(4,598)	(339)
Taxation	11	<u>737</u>	<u>(28)</u>
Loss for the financial year		<u><u>(3,861)</u></u>	<u><u>(367)</u></u>

Loss for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

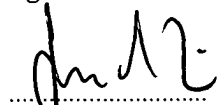
**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018**

	2018	2017
	£'000	£'000
Loss for the year	(3,861)	(367)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(3,861)</u>	<u>(367)</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED**BALANCE SHEET
AS AT 31 JULY 2018**

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12		133		87
Tangible assets	15		24,891		24,993
Investments	13		1		397
			<u>25,025</u>		<u>25,477</u>
Current assets					
Stocks	17	5,046		3,725	
Debtors	18	26,283		19,578	
Cash at bank and in hand		2,271		9,695	
		<u>33,600</u>		<u>32,998</u>	
Creditors: amounts falling due within one year	19	<u>(28,942)</u>		<u>(24,914)</u>	
Net current assets			4,658		8,084
Total assets less current liabilities			29,683		33,561
Deferred income	23		(179)		(210)
Net assets			<u>29,504</u>		<u>33,351</u>
Capital and reserves					
Called up share capital	24		100		100
Revaluation reserve			1,497		1,497
Profit and loss reserves			27,907		31,754
Total equity			<u>29,504</u>		<u>33,351</u>

The financial statements were approved by the board of directors and authorised for issue on 30/04/19 and are signed on its behalf by:



J D Atkin (Chief Executive)
Director

Company Registration No. 00693397

F.C. BROWN (STEEL EQUIPMENT) LIMITED

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

	Notes	Share capital £'000	Revaluation reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 August 2016		100	1,497	32,102	33,699
Year ended 31 July 2017:					
Loss and total comprehensive income for the year		-	-	(367)	(367)
Credit to equity for equity settled share-based payments	25	-	-	19	19
Balance at 31 July 2017		100	1,497	31,754	33,351
Year ended 31 July 2018:					
Loss and total comprehensive income for the year		-	-	(3,861)	(3,861)
Credit to equity for equity settled share-based payments	25	-	-	14	14
Balance at 31 July 2018		100	1,497	27,907	29,504

F.C. BROWN (STEEL EQUIPMENT) LIMITED

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

1 Accounting policies

Company information

F.C. Brown (Steel Equipment) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Caswell Way, Reevesland Industrial Estate, Newport, South Wales, United Kingdom, NP19 4PW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value.

The company took advantage of the transitional provisions in Section 35 of FRS 102 to use a previous GAAP revaluation of property as its deemed cost. The company had similarly used the transition provisions in FRS 15 Tangible Fixed Assets and retained the book amounts of freehold land and buildings where revalued prior to implementation of that standard. The properties in Newport, South Wales were last revalued at 31 July 1989 by Powell, Tuck & Partners, Chartered Surveyors and the valuations have not subsequently been updated.

The principal accounting policies adopted are set out below.

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

F.C. Brown (Steel Equipment) Limited is a wholly owned subsidiary of Bisley Office Equipment Limited and the results of F.C. Brown (Steel Equipment) Limited are included in the consolidated financial statements of Bisley Office Equipment Limited which are available from Bisley Factory, Caswell Way, Reevesland Industrial Estate, Newport, South Wales, NP19 4PQ.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

1.2 Going concern

The directors have adopted the going concern basis in preparing the accounts, notwithstanding a loss of £3,861,000 (2017: £367,000) in the year. It should be noted that the current year loss is after exceptional costs of £980,000 (2017: exceptional income of £526,000), refer to note 6. The company has net assets of £29,504,000 (2017: £33,351,000) as at the balance sheet date and cash of £2,271,000 (2017: £9,695,000). The directors have considered forecasts for the next financial year and expect the company to return to a profit making position.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Licences	5 years
Development Costs	4 years

1.6 Tangible fixed assets

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

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

The company took advantage of the transitional provisions in Section 35 of FRS 102 to use a previous GAAP revaluation of property as its deemed cost. The company had similarly used the transition provisions in FRS 15 Tangible Fixed Assets and retained the book amounts of freehold land and buildings where revalued prior to implementation of that standard. The properties in Newport, South Wales were last revalued at 31 July 1989 and the valuations have not subsequently been updated.

Subsequent additions are stated at cost. All repairs are written off as incurred. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement in reserves.

Tangible fixed assets other than freehold land and buildings are stated at cost less depreciation and provision for any impairment. Depreciation is not provided on freehold land or assets in the course of construction. On all other assets it is provided on cost or revalued sum less residual amount in equal instalments over the estimated useful lives of the assets. The estimated lives of the assets have been assessed as follows:

Freehold buildings	50 years
Leasehold improvements	Over life of lease
Plant, machinery and press tools	3 to 10 years
Motor vehicles	4 years
Fixtures, furniture & office equipment	3 to 10 years

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

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

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

1.8 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

The company operates a defined contribution pension scheme and a group personal pension scheme. The assets of these schemes are held separately from those of the company in independently administered funds. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Share-based payments

Directors and eligible employees may receive part of their remuneration for services provided to the company in the form of a share-based payment transaction by which they receive rights over shares in the company or the ultimate parent company, Bisley Office Equipment Limited, by means of an equity settled transaction.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

1.15 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Profit And Loss for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Deferred tax asset

Details of the asset are provided in note 21 to the accounts. The carrying value of the deferred tax asset at the year end is £1,872,000 (2017: £1,135,000). The critical judgement relates to the company's ability to utilise the asset arising from tax losses against future taxable profits.

3 Turnover and other revenue

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

	2018 £'000	2017 £'000
Turnover analysed by class of business		
Sale of goods	57,141	54,821
	<u> </u>	<u> </u>
	2018 £'000	2017 £'000
Other significant revenue		
Interest income	2	14
Amortisation of capital grants	31	35
	<u> </u>	<u> </u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

3 Turnover and other revenue		(Continued)	
	2018	2017	
	£'000	£'000	
Turnover analysed by geographical market			
United Kingdom	33,073	30,987	
Other European countries	19,560	19,780	
Rest of the world	4,508	4,054	
	<u>57,141</u>	<u>54,821</u>	
4 Operating loss			
	2018	2017	
	£'000	£'000	
Operating loss for the year is stated after charging/(crediting):			
Exchange losses	214	373	
Depreciation of owned tangible fixed assets	2,496	2,373	
Depreciation of tangible fixed assets held under finance leases	49	137	
Profit on disposal of tangible fixed assets	(59)	(51)	
Cost of stocks recognised as an expense	30,248	27,141	
Share-based payments	14	19	
Operating lease charges	502	270	
Capital based grants	(31)	(35)	
Exceptional items (note 6)	980	(526)	
	<u>980</u>	<u>(526)</u>	
5 Auditor's remuneration			
	2018	2017	
	£'000	£'000	
Fees payable to the company's auditor and associates:			
For audit services			
Audit of the financial statements of the company	38	37	
	<u>38</u>	<u>37</u>	
For other services			
Other assurance services	-	2	
	<u>-</u>	<u>2</u>	

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018****6 Exceptional costs/(income)**

	2018	2017
	£'000	£'000
Movement in fair value of open foreign exchange forward contracts	(50)	(526)
Restructuring costs	447	-
Impairment of investments	396	-
Provision against intercompany debt	187	-
	<u>980</u>	<u>(526)</u>

At 31 July 2018 and 31 July 2017 the company recognised the fair value of open foreign exchange forward contracts in accordance with the requirements of FRS 102, section 12 'Other Financial Instruments'. The forward exchange contracts are derivative financial instruments.

During the year the company incurred redundancy costs of £447,000 as part of its restructuring of operations.

During the year the company recognised an impairment of £396,000 in fixed asset investments being the entire carrying value of its investment in subsidiary company Network Commercial Systems Ltd, following a review of future discounted cash flow forecasts for the entity, refer to note 13.

During the year the company made a provision of £187,000 against intercompany debt due from Bisley Espana SL.

7 Employees

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

	2018	2017
	Number	Number
Production	520	531
Sales and distribution	109	99
Administration	21	17
	<u>650</u>	<u>647</u>

Their aggregate remuneration comprised:

	2018	2017
	£'000	£'000
Wages and salaries	19,763	17,667
Social security costs	1,525	1,392
Pension costs	588	569
	<u>21,876</u>	<u>19,628</u>

Included within the above are exceptional redundancy costs of £447,000 (2017: £nil), refer to note 6.

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018****8 Directors' remuneration**

The employment contracts for all serving directors of the company are with the holding company, Bisley Office Equipment Limited, and information regarding their remuneration is included in that company's accounts. A recharge from Bisley Office Equipment Limited to the company was made during the year to reflect the cost of services provided by the directors. The total amount of the recharge is included in the aggregate employment costs set out above.

9 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest income		
Interest on bank deposits	2	14
	<u>2</u>	<u>14</u>

10 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest on finance leases and hire purchase contracts	2	8
	<u>2</u>	<u>8</u>

11 Taxation

	2018 £'000	2017 £'000
Deferred tax		
Origination and reversal of timing differences	(737)	28
	<u>(737)</u>	<u>28</u>

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £'000	2017 £'000
Loss before taxation	(4,598)	(339)
	<u>(4,598)</u>	<u>(339)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.67%)	(874)	(67)
Tax effect of expenses that are not deductible in determining taxable profit	93	19
Effect of change in corporation tax rate	82	(4)
Depreciation on assets not qualifying for tax allowances	-	75
Research and development tax credit	4	-
Under/(over) provided in prior years	(42)	-
Deferred tax adjustments in respect of prior years	-	5
	<u>(737)</u>	<u>28</u>
Taxation (credit)/charge for the year	(737)	28
	<u>(737)</u>	<u>28</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018

12 Intangible fixed assets

	Licences	Development Costs	Total
	£'000	£'000	£'000
Cost			
At 1 August 2017	87	-	87
Additions - separately acquired	-	81	81
Disposals	(35)	-	(35)
	<u>52</u>	<u>81</u>	<u>133</u>
At 31 July 2018	52	81	133
	<u>52</u>	<u>81</u>	<u>133</u>
Amortisation and impairment			
At 1 August 2017 and 31 July 2018	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At 31 July 2018	52	81	133
	<u>52</u>	<u>81</u>	<u>133</u>
At 31 July 2017	87	-	87
	<u>87</u>	<u>-</u>	<u>87</u>

13 Fixed asset investments

	Notes	2018 £'000	2017 £'000
Investments in subsidiaries	14	1	397
		<u>1</u>	<u>397</u>

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 August 2017	397
Impairment (note 6)	(396)
	<u>1</u>
At 31 July 2018	1
	<u>1</u>
Carrying amount	
At 31 July 2018	1
	<u>1</u>
At 31 July 2017	397
	<u>397</u>

During the year the company recognised an impairment of £396,000 in its investment in subsidiary company Network Commercial Systems Ltd, refer to note 6.

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018****14 Subsidiaries**

Details of the company's subsidiaries at 31 July 2018 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
Bisley Direct Limited	Dormant	Ordinary	100.00
Bisley Industrial Storage Limited	Sale and distribution of industrial storage products	Ordinary	100.00
Network Commercial Systems Ltd	Manufacture and installation of wooden tailor made furniture	Ordinary	100.00

The registered office for all of the above subsidiary companies is Bisley Factory, Caswell Way, Reevesland Industrial Estate, Newport NP19 4PW.

The ultimate controlling party of these investments is Bisley Office Equipment Limited.

15 Tangible fixed assets

	Land and buildings	Assets under construction	Plant, machinery, press tools & motor	Fixtures, furniture & office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2017	20,994	690	59,344	8,131	89,159
Additions	396	561	1,109	387	2,453
Disposals	-	-	(8,485)	-	(8,485)
Transfers	13	(525)	490	22	-
At 31 July 2018	21,403	726	52,458	8,540	83,127
Depreciation and impairment					
At 1 August 2017	6,770	-	51,788	5,608	64,166
Depreciation charged in the year	417	-	1,660	468	2,545
Eliminated in respect of disposals	-	-	(8,475)	-	(8,475)
At 31 July 2018	7,187	-	44,973	6,076	58,236
Carrying amount					
At 31 July 2018	14,216	726	7,485	2,464	24,891
At 31 July 2017	14,224	691	7,556	2,522	24,993

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018****15 Tangible fixed assets (Continued)**

The carrying value of land and buildings comprises:

	2018 £'000	2017 £'000
Freehold	13,818	14,187
Short leasehold	398	37
	<u>14,216</u>	<u>14,224</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £'000	2017 £'000
Plant, machinery, press tools & motor	-	273
	<u>-</u>	<u>273</u>
Depreciation charge for the year in respect of leased assets	49	137
	<u>49</u>	<u>137</u>

Land and buildings includes £2,725,000 (2017: £2,725,000) in respect of land which is not depreciated.

The company took advantage of the transitional provisions in Section 35 of FRS 102 to use a previous GAAP revaluation of property as its deemed cost. The company had similarly used the transition provisions in FRS 15 Tangible Fixed Assets and retained the book amounts of freehold land and buildings where revalued prior to implementation of that standard. The properties in Newport, South Wales were last revalued at 31 July 1989 by Powell, Tuck & Partners, Chartered Surveyors and the valuations have not subsequently been updated.

Comparable amounts for land and buildings determined according to historical cost convention at 31 July 2018 are:

	2018 £'000	2017 £'000
Cost	19,906	19,497
Accumulated depreciation	(7,187)	(6,770)
	<u>12,719</u>	<u>12,727</u>
Historical cost net book value	12,719	12,727

16 Financial instruments

	2018 £'000	2017 £'000
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	50
	<u>-</u>	<u>50</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

16 Financial instruments

(Continued)

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

As set out in note 1.1 above, the company has elected to apply the reduced disclosure framework where available, the disclosure above therefore relates only to the required disclosures regarding financial instruments measured at fair value through the profit or loss of other comprehensive income. Full disclosure of financial instruments is provided in the consolidated accounts of Bisley Office Equipment Limited.

17 Stocks

	2018	2017
	£'000	£'000
Raw materials and consumables	2,299	1,688
Work in progress	1,283	940
Finished goods and goods for resale	1,464	1,097
	<u>5,046</u>	<u>3,725</u>

The directors do not consider the replacement cost of stock to be materially different from the value stated above.

18 Debtors

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	9,249	7,576
Amounts owed by group undertakings	13,377	10,444
Other debtors	1,468	354
Prepayments and accrued income	317	69
	<u>24,411</u>	<u>18,443</u>
Deferred tax asset (note 21)	1,872	1,135
	<u>26,283</u>	<u>19,578</u>

19 Creditors: amounts falling due within one year

	Notes	2018	2017
		£'000	£'000
Obligations under finance leases	20	-	95
Trade creditors		9,563	6,438
Amounts owed to group undertakings		15,706	15,706
Taxation and social security		523	120
Derivative financial instruments		-	50
Other creditors		2,373	1,869
Accruals and deferred income		777	636
		<u>28,942</u>	<u>24,914</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018

20 Finance lease obligations

	2018	2017
	£'000	£'000
Future minimum lease payments due under finance leases:		
Within one year	-	95
	<u> </u>	<u> </u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 6 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Hire purchase and finance lease liabilities are secured on the assets to which they relate.

21 Deferred taxation

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

	Assets	Assets
	2018	2017
	£'000	£'000
Balances:		
Accelerated capital allowances	403	(165)
Tax losses	1,315	1,167
Other short term timing differences	154	133
	<u> </u>	<u> </u>
	1,872	1,135
	<u> </u>	<u> </u>
Movements in the year:		2018
		£'000
Liability/(Asset) at 1 August 2017		(1,135)
Credit to profit or loss		(737)
		<u> </u>
Liability/(Asset) at 31 July 2018		(1,872)
		<u> </u>

22 Retirement benefit schemes

	2018	2017
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	588	569
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end there were outstanding contributions of £506,000 (2017: £393,000).

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018****23 Government grants**

	2018	2017
	£'000	£'000
Deferred government grants	179	210
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

	2018	2017
	£'000	£'000
Shown as deferred income on the face of the balance sheet	179	210
	<u> </u>	<u> </u>

In accordance with the accounting policy disclosed in note 1, amounts received by way of capital-based government grants during the year and the deferred income balance carried forward at 31 July are as follows:

	2018	2017
	£'000	£'000
At 1 August	210	245
Amounts received in the year	-	-
Less amounts credit to the profit and loss account	(31)	(35)
	<u> </u>	<u> </u>
At 31 July	179	210
	<u> </u>	<u> </u>

24 Share capital

	2018	2017
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
100,000 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

The company has one class of ordinary shares which carry full voting, dividend and return of capital rights.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2018

25 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2018 Number	2017 Number	2018 £'000	2017 £'000
Outstanding at 1 August 2017	17,745	14,875	3.25	3.07
Granted	945	3,465	4.00	4.00
Expired	(2,170)	(595)	3.27	3.06
	<u>16,520</u>	<u>17,745</u>	<u>3.29</u>	<u>3.25</u>
Outstanding at 31 July 2018	16,520	17,745	3.29	3.25
	<u>16,520</u>	<u>17,745</u>	<u>3.29</u>	<u>3.25</u>
Exercisable at 31 July 2018	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 July 2018 had an exercise price ranging from £3.00 to £4.00, and a remaining contractual life of 7, 8, 9 and 10 years.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

Inputs were as follows:

	2018	2017
Weighted average share price	3.29	3.25
Weighted average exercise price	3.29	3.25
Expected volatility	257.79	267.50
Expected life	10.00	10.00
Risk free rate	1.27	1.27
	<u>1.27</u>	<u>1.27</u>

26 Operating lease commitments

Lessee

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

	2018 £'000	2017 £'000
Within one year	366	285
Between two and five years	2,108	425
In over five years	1,237	39
	<u>3,711</u>	<u>749</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018****27 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2018 £'000	2017 £'000
Acquisition of tangible fixed assets	514	423

28 Related party transactions

During the prior year the company purchased rugby sponsorship for the value of £75,000 from RP2017 Limited, a company in which A C Brown was also a director until 30 June 2017.

In accordance with FRS 102 section 33.1A, transactions with other group undertakings wholly owned within the Bisley Office Equipment Limited group have not been disclosed in the financial statements. Balances due to or from group companies at the year end were as follows:

Group company	2018 £'000	2017 £'000
Parent company		
Bisley Office Equipment Limited	5,277	2,832
Subsidiary companies		
Network Commercial Systems Ltd	2,486	1,759
Bisley Industrial Storage Limited	428	416
Bisley Direct Limited	-	-
Other group companies		
GU249BJ Limited	(15,706)	(15,706)
TFP General Trading Limited	-	-
Bisley Two Limited	200	-
Bisley GmbH	160	575
Bisley SAS	1,342	714
Bisley Espana SL	580	1,505
Bisley BV	650	575
Bisley Office Furniture Ireland Limited	389	215
Bisley Office Equipment DMCC	129	262
TFP General Trading LLC (t/a The Furniture Practice)	110	86
Workspace Office Furniture LLC	-	869
Humanspace Office Furnishing LLC	157	-
Bisley Inc	1,467	637

29 Ultimate controlling party

The immediate and ultimate parent company is Bisley Office Equipment Limited, a company incorporated in England and Wales. Bisley Office Equipment Limited is the parent of the smallest and largest group of which the company is a member and for which consolidated accounts are prepared. Copies of the Bisley Office Equipment Limited accounts can be obtained from Companies House, Cardiff, CF14 3UZ.

The ultimate controlling party is A C Brown.