

Limbs & Things Limited and Subsidiary Undertakings

Registered number: 02532281

Directors' report and financial statements

For the year ended 31 December 2018

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LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

COMPANY INFORMATION

Directors	C M Cooper N Riley (resigned 26 July 2018) M Robinson R Braso A Allin N Hull T Cooper (appointed 1 February 2019)
Registered number	02532281
Registered office	Sussex Street St Philips Bristol BS2 0RA
Trading Address	Sussex Street St Philips Bristol BS2 0RA
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 90 Victoria Street Bristol BS1 6DP

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

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

Business review

The Group's principal activity during the year continued to be the design, manufacture and marketing of medical training products to customers worldwide.

The establishment of medical simulation as an industry sector continues and so too does the competition. Limbs & Things Limited continued in its strategy of investing in its people, research and development into new products and into its sales channels.

All subsidiaries and business units increased sales in 2018 other than contract manufacturing.

Volatility in the supply chain was managed but remains due to Brexit uncertainty, the continued weakness of Sterling and high demand for key raw materials. Overall productivity was improved with the continued investment in new facilities and equipment.

The headquarters' offices and R&D facilities in the UK were fully refurbished to accommodate recent and planned growth.

Limbs & Things Limited reorganised its shareholding and established an Employee Benefit Trust in order to broaden share ownership with its management and key staff.

Principal risks and uncertainties

Sales generation is the key business risk and the business is exposed to downturns in healthcare expenditure in its key markets. Competition continues to grow with the increasing recognition of the benefits of simulation in healthcare and the sector's growth.

Brexit uncertainty is a factor in supply, demand and human resources.

Financial key performance indicators

The Board and senior leadership team of Limbs & Things rely on the following KPIs:

- Sales and gross profit margin at Group and business unit level;
- EBIT margin at Group and business unit level;
- Current ratio;
- No. reportable accidents;
- Customer lead times.

Limbs & Things continued to grow branded product sales. As expected, contract manufacturing sales were down significantly as the primary corporate customer suffered reduced demand. Total sales for the year was improved on target but marginally below peak 2017 sales.

Despite supply pressures, productivity improvements ensured gross margin in percentage terms was increased and the current ratio remains strong.

There was a single, minor, reportable accident in 2018 (sub-contractor installing solar panels) and on time delivery performance exceeded 95%.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

This report was approved by the board on **3 SEPTEMBER 2019** and signed on its behalf.

N Hull
Director



LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make 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 Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group'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.

Results and dividends

The profit for the year, after taxation, amounted to £3,670,405 (2017 - £4,347,760).

Dividends of £300,000 were paid during the year (2017 - £Nil).

Directors

The directors who served during the year were:

C M Cooper
N Riley (resigned 26 July 2018)
M Robinson
R Braso
A Allin
N Hull

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

Future developments

The directors aim to maintain the management policies which have resulted in the group's substantial growth in recent years. They consider that the next year will show sales growth of about 6%.

Financial instruments

The Group's financial instruments include various assets and liabilities such as trade receivables and trade payables arising directly from its operations, and cash.

Matters covered in the strategic report

Details of Group's principal activities are provided in the strategic report.

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

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

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


N Hull
Director

Date: 3 SEPTEMBER 2019.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

Opinion

We have audited the financial statements of Limbs & Things Limited (the 'Company') and its subsidiary undertakings (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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



Jonathan Marchant (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: 10/9/19.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

	Note	2018 £	2017 £
Turnover	4	18,677,562	18,770,363
Cost of sales		(8,243,886)	(8,382,539)
Gross profit		<u>10,433,676</u>	<u>10,387,824</u>
Distribution costs		(1,318,201)	(1,205,890)
Administrative expenses		(4,538,697)	(4,465,844)
Other operating income	5	18,162	54,847
Operating profit	6	<u>4,594,940</u>	<u>4,770,937</u>
Interest receivable and similar income	10	4,630	443
Profit before tax		<u>4,599,570</u>	<u>4,771,380</u>
Tax on profit	11	(929,165)	(423,620)
Profit for the financial year		<u><u>3,670,405</u></u>	<u><u>4,347,760</u></u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Currency translation differences		(1,456)	(33,653)
		<u>(1,456)</u>	<u>(33,653)</u>
Total comprehensive income for the year		<u><u>3,668,949</u></u>	<u><u>4,314,107</u></u>
Profit for the year attributable to:			
Owners of the parent company		<u>3,670,405</u>	<u>4,347,760</u>
		<u><u>3,670,405</u></u>	<u><u>4,347,760</u></u>

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

The notes on pages 14 to 34 form part of these financial statements.

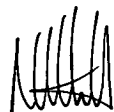
LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS
REGISTERED NUMBER: 02532281

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Intangible assets	13	9,800	15,547
Tangible assets	14	1,570,739	1,721,679
Investment property	16	326,695	-
		<u>1,907,234</u>	<u>1,737,226</u>
Current assets			
Stocks	17	1,730,366	1,470,384
Debtors: amounts falling due within one year	18	3,228,512	2,405,444
Cash at bank and in hand	19	7,243,523	4,997,196
		<u>12,202,401</u>	<u>8,873,024</u>
Creditors: amounts falling due within one year	20	<u>(3,480,271)</u>	<u>(1,425,355)</u>
Net current assets		<u>8,722,130</u>	<u>7,447,669</u>
Total assets less current liabilities		<u>10,629,364</u>	<u>9,184,895</u>
Creditors: amounts falling due after more than one year		<u>(3,000,000)</u>	<u>-</u>
		<u>7,629,364</u>	<u>9,184,895</u>
Provisions for liabilities			
Deferred taxation	23	(180,867)	(105,347)
Net assets		<u><u>7,448,497</u></u>	<u><u>9,079,548</u></u>
Capital and reserves			
Called up share capital	24	742	900
Share premium account		99,200	99,200
Capital redemption reserve		158	-
Investment in own shares		(5,000,000)	-
Profit and loss account		<u>12,348,397</u>	<u>8,979,448</u>
		<u><u>7,448,497</u></u>	<u><u>9,079,548</u></u>

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

N Hull
 Director



3/9/19.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS
REGISTERED NUMBER: 02532281

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	9,800	15,547
Tangible assets	14	1,399,155	1,507,042
Investments	15	623	623
Investment property	16	326,695	-
		<u>1,736,273</u>	<u>1,523,212</u>
Current assets			
Stocks	17	1,037,123	1,005,347
Debtors: amounts falling due within one year	18	3,112,911	2,464,456
Cash at bank and in hand	19	6,866,390	4,485,690
		<u>11,016,424</u>	<u>7,955,493</u>
Creditors: amounts falling due within one year	20	<u>(3,082,568)</u>	<u>(993,951)</u>
Net current assets		<u>7,933,856</u>	<u>6,961,542</u>
Total assets less current liabilities		<u>9,670,129</u>	<u>8,484,754</u>
Creditors: amounts falling due after more than one year		(3,000,000)	-
Provisions for liabilities			
Deferred taxation	23	<u>(71,481)</u>	<u>(49,261)</u>
		<u>(71,481)</u>	<u>(49,261)</u>
Net assets		<u><u>6,598,648</u></u>	<u><u>8,435,493</u></u>
Capital and reserves			
Called up share capital	24	742	900
Share premium account		99,200	99,200
Capital redemption reserve		158	-
Investment in own shares		(5,000,000)	-
Profit and loss account		<u>11,498,548</u>	<u>8,335,393</u>
		<u><u>6,598,648</u></u>	<u><u>8,435,493</u></u>

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

N Hull
 Director



3/9/19.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

	Called up share capital	Share premium account	Capital redemption reserve	Investment in own shares	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2017	900	99,200	-	-	4,665,341	4,765,441
Comprehensive income for the year						
Profit for the year	-	-	-	-	4,347,760	4,347,760
Currency translation differences	-	-	-	-	(33,653)	(33,653)
Other comprehensive income for the year	-	-	-	-	(33,653)	(33,653)
Total comprehensive income for the year	-	-	-	-	4,314,107	4,314,107
At 1 January 2018	900	99,200	-	-	8,979,448	9,079,548
Comprehensive income for the year						
Profit for the year	-	-	-	-	3,670,405	3,670,405
Currency translation differences	-	-	-	-	(1,456)	(1,456)
Other comprehensive income for the year	-	-	-	-	(1,456)	(1,456)
Total comprehensive income for the year	-	-	-	-	3,668,949	3,668,949
Dividends: Equity capital	-	-	-	-	(300,000)	(300,000)
Disposal of shares	-	-	-	-	158	158
Shares redeemed during the year	(158)	-	-	-	-	(158)
Transfer to/from profit and loss account	-	-	158	-	(158)	-
Investment in own shares	-	-	-	(5,000,000)	-	(5,000,000)
Total transactions with owners	(158)	-	158	(5,000,000)	(300,000)	(5,300,000)
At 31 December 2018	742	99,200	158	(5,000,000)	12,348,397	7,448,497

The notes on pages 14 to 34 form part of these financial statements.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

	Called up share capital £	Share premium account £	Capital redemption reserve £	Investment in own shares £	Profit and loss account £	Total equity £
At 1 January 2017	900	99,200	-	-	4,003,678	4,103,778
Comprehensive income for the year						
Profit for the year	-	-	-	-	4,331,715	4,331,715
Total transactions with owners	-	-	-	-	-	-
At 1 January 2018	900	99,200	-	-	8,335,393	8,435,493
Comprehensive income for the year						
Profit for the year	-	-	-	-	3,463,155	3,463,155
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(300,000)	(300,000)
Disposal of shares	-	-	-	-	158	158
Shares redeemed during the year	(158)	-	-	-	-	(158)
Transfer to/from profit and loss account	-	-	158	-	(158)	-
Investment in own shares	-	-	-	(5,000,000)	-	(5,000,000)
At 31 December 2018	742	99,200	158	(5,000,000)	11,498,548	6,598,648

The notes on pages 14 to 34 form part of these financial statements.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	3,670,405	4,347,760
Adjustments for:		
Amortisation of intangible assets	5,747	17,458
Depreciation of tangible assets	417,688	336,644
Interest received	(4,630)	(443)
Taxation charge	929,165	423,620
(Increase) in stocks	(259,982)	(330,001)
(Increase) in debtors	(815,704)	(548,214)
Decrease in amounts owed by associates	-	22,087
Increase in creditors	818,572	191,408
Net fair value (gains) recognised in P&L	(1,456)	(33,653)
Corporation tax (paid)	(624,665)	(592,318)
Net cash generated from operating activities	<u>4,135,140</u>	<u>3,834,348</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(597,920)	(1,357,761)
Sale of tangible fixed assets	4,477	9,460
Interest received	4,630	443
Purchase of own shares	(1,000,000)	-
Net cash from investing activities	<u>(1,588,813)</u>	<u>(1,347,858)</u>
Cash flows from financing activities		
Dividends paid	(300,000)	-
Net cash used in financing activities	<u>(300,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	2,246,327	2,486,490
Cash and cash equivalents at beginning of year	4,997,196	2,510,706
Cash and cash equivalents at the end of year	<u>7,243,523</u>	<u>4,997,196</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,243,523	4,997,196
	<u>7,243,523</u>	<u>4,997,196</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

1. General information

Limbs & Things Limited is a private company limited by shares and incorporated in England, registered number 02532281. The Registered Office is Sussex Street, St Philips, Bristol, BS2 0RA.

The Group's principal activities during the year continued to be the manufacture and distribution of medical training products.

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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company's profit for the year was £4,341,382 (2017 - £4,331,715).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. *Intercompany transactions and balances between group companies are therefore eliminated in full.*

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2.3 Going concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

2. Accounting policies (continued)

2.4 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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessee

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

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

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

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

2.11 Current and deferred taxation

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

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

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

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

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

2. Accounting policies (continued)

2.11 Current and deferred taxation (continued)

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 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.

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.

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.

Software assets are amortised at 25% straight line.

2.13 Development costs

Research and development expenditure is written off in the year in which it is incurred.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	-	25%
Motor vehicles	-	25%
Furniture & fixtures	-	25%
Leasehold improvements	-	25%
Computer equipment	-	25%

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 Consolidated Statement of Comprehensive Income.

2.15 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.16 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 do not 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.

2.17 Debtors

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

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

2. Accounting policies (continued)

2.18 Cash and cash equivalents

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

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

2.19 Creditors

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

2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.21 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.22 Financial instruments

The Group 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.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

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

There are no accounting estimates or judgements in applying accounting policies that, if incorrect, would lead to a material misstatement.

4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	3,096,392	2,619,495
Rest of World	7,248,921	9,853,944
North America	8,332,249	6,296,924
	<u>18,677,562</u>	<u>18,770,363</u>

5. Other operating income

	2018 £	2017 £
Other operating income	17,840	28,074
Profit on disposal of tangible assets	322	26,773
	<u>18,162</u>	<u>54,847</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Research & development charged as an expense	856	1,022
Depreciation of tangible fixed assets	417,688	241,504
Amortisation of intangible assets	5,747	32,124
Exchange differences	(25,427)	148,735
Defined contribution pension cost	243,253	241,147
Operating lease costs	47,982	20,482

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	11,000	10,620
	<u>11,000</u>	<u>10,620</u>
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	17,500	17,616
Other services relating to taxation	3,550	7,112
All other services	2,830	43,246
	<u>23,880</u>	<u>67,974</u>

8. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	5,358,836	5,058,188	3,749,985	3,620,404
Social security costs	396,102	429,710	357,476	394,430
Cost of defined contribution scheme	243,253	241,147	171,007	163,723
	<u>5,998,191</u>	<u>5,729,045</u>	<u>4,278,468</u>	<u>4,178,557</u>

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

	2018 No.	2017 No.
Admin and production staff	<u>154</u>	<u>146</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	623,547	653,151
Company contributions to defined contribution pension schemes	6,845	27,689
	<u>630,392</u>	<u>680,840</u>

During the year retirement benefits were accruing to 4 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £132,505 (2017 - £217,059).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,293 (2017 - £4,135).

10. Interest receivable

	2018 £	2017 £
Other interest receivable	4,630	443
	<u>4,630</u>	<u>443</u>

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	844,797	761,149
Adjustments in respect of previous periods	8,847	(430,038)
Total current tax	<u>853,644</u>	<u>331,111</u>
Deferred tax		
Origination and reversal of timing differences	75,521	92,509
Total deferred tax	<u>75,521</u>	<u>92,509</u>
Taxation on profit on ordinary activities	<u>929,165</u>	<u>423,620</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

11. Taxation (continued)**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 £	2017 £
Profit on ordinary activities before tax	4,599,571	4,771,380
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	873,918	918,491
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,244	5,775
Fixed asset differences	30,408	4,329
Adjustments to tax charge in respect of previous periods	15,327	(430,038)
Adjustment to opening deferred tax to average rate of 19%	5,795	5,720
Adjustment to closing deferred tax to average rate of 19%	(8,410)	(6,510)
Deferred tax not recognised	-	86,496
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(187,052)
Tax attributable to overseas subsidiary undertakings	1,883	26,409
Total tax charge for the year	929,165	423,620

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2018 £	2017 £
Dividends	300,000	-
	<u>300,000</u>	<u>-</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

13. Intangible assets**Group and Company**

	Patents £	Software costs £	Total £
Cost			
At 1 January 2018	19,454	165,169	184,623
At 31 December 2018	<u>19,454</u>	<u>165,169</u>	<u>184,623</u>
Amortisation			
At 1 January 2018	19,454	149,622	169,076
Charge for the year	-	5,747	5,747
At 31 December 2018	<u>19,454</u>	<u>155,369</u>	<u>174,823</u>
Net book value			
At 31 December 2018	<u>-</u>	<u>9,800</u>	<u>9,800</u>
At 31 December 2017	<u>-</u>	<u>15,547</u>	<u>15,547</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

14. Tangible fixed assets

Group

	Long Term Leasehold Property Improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2018	990,652	1,389,439	114,084	193,542	464,163	3,151,880
Additions	259,111	223,000	18,393	46,615	50,801	597,920
Disposals	-	(5,206)	(17,910)	-	(1,945)	(25,061)
Transfers between classes	(326,695)	-	-	-	-	(326,695)
At 31 December 2018	<u>923,068</u>	<u>1,607,233</u>	<u>114,567</u>	<u>240,157</u>	<u>513,019</u>	<u>3,398,044</u>
Depreciation						
At 1 January 2018	67,796	837,968	58,848	63,808	401,781	1,430,201
Charge for the year on owned assets	56,379	232,142	24,279	39,597	65,291	417,688
Disposals	-	(5,206)	(13,433)	-	(1,945)	(20,584)
At 31 December 2018	<u>124,175</u>	<u>1,064,904</u>	<u>69,694</u>	<u>103,405</u>	<u>465,127</u>	<u>1,827,305</u>
Net book value						
At 31 December 2018	<u><u>798,893</u></u>	<u><u>542,329</u></u>	<u><u>44,873</u></u>	<u><u>136,752</u></u>	<u><u>47,892</u></u>	<u><u>1,570,739</u></u>
At 31 December 2017	<u><u>922,856</u></u>	<u><u>551,471</u></u>	<u><u>55,236</u></u>	<u><u>129,734</u></u>	<u><u>62,382</u></u>	<u><u>1,721,679</u></u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

14. Tangible fixed assets (continued)

Company

	Long Term Leasehold Improve'ts £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2018	900,017	1,396,620	114,084	80,035	232,524	2,723,280
Additions	259,111	223,000	18,393	30,234	39,966	570,704
Disposals	-	-	(17,910)	-	-	(17,910)
Transfers between classes	(326,695)	-	-	-	-	(326,695)
At 31 December 2018	<u>832,433</u>	<u>1,619,620</u>	<u>114,567</u>	<u>110,269</u>	<u>272,490</u>	<u>2,949,379</u>
Depreciation						
At 1 January 2018	58,830	872,801	58,848	48,716	177,043	1,216,238
Charge for the year on owned assets	46,232	230,231	24,279	14,251	32,426	347,419
Disposals	-	-	(13,433)	-	-	(13,433)
At 31 December 2018	<u>105,062</u>	<u>1,103,032</u>	<u>69,694</u>	<u>62,967</u>	<u>209,469</u>	<u>1,550,224</u>
Net book value						
At 31 December 2018	<u><u>727,371</u></u>	<u><u>516,588</u></u>	<u><u>44,873</u></u>	<u><u>47,302</u></u>	<u><u>63,021</u></u>	<u><u>1,399,155</u></u>
At 31 December 2017	<u><u>841,187</u></u>	<u><u>523,819</u></u>	<u><u>55,236</u></u>	<u><u>31,319</u></u>	<u><u>55,481</u></u>	<u><u>1,507,042</u></u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

15. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	623
At 31 December 2018	<u>623</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Limbs & Things Inc	USA	The distribution of anatomical devices	Ordinary	100%
Limbs & Things Australia	Australia	The distribution of anatomical devices	Ordinary	100%
K.Waldemar Larsson AB	Sweden	The sale of medical equipment and materials	Ordinary	100%
Limbs & Things Employee Trustee Limited	UK	Trustee of Limbs & Things Employee Benefit Trust	Ordinary	100%

16. Investment property**Group and Company**

	Freehold investment property £
Valuation	
Transfers between classes	326,695
At 31 December 2018	<u>326,695</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

17. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	990,579	940,952	990,579	940,952
Finished goods and goods for resale	739,787	529,432	46,544	64,395
	<u>1,730,366</u>	<u>1,470,384</u>	<u>1,037,123</u>	<u>1,005,347</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised during the year as an expense was £6,793,254 (2017: £6,701,845).

18. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	1,865,581	1,956,989	1,910,103	2,110,190
Other debtors	237,107	216,289	192,008	181,078
Prepayments and accrued income	1,099,933	232,165	1,010,800	173,188
Tax recoverable	25,891	-	-	-
	<u>3,228,512</u>	<u>2,405,443</u>	<u>3,112,911</u>	<u>2,464,456</u>

19. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	7,243,523	4,997,196	6,866,390	4,485,690
	<u>7,243,523</u>	<u>4,997,196</u>	<u>6,866,390</u>	<u>4,485,690</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

20. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	982,738	404,380	814,335	227,921
Corporation tax	391,203	154,858	380,465	142,840
Other taxation and social security	115,581	111,471	98,304	95,702
Other creditors	1,074,192	56,387	1,000,000	-
Accruals and deferred income	916,557	698,256	789,464	527,490
	<u>3,480,271</u>	<u>1,425,352</u>	<u>3,082,568</u>	<u>993,953</u>

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Other creditors	3,000,000	-	3,000,000	-
	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>-</u>

Included within Other Creditors is an amount due in respect of the purchase of shares (see note 27).

The Other Creditor is secured against a floating charge covering the property or undertaking of the company.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

22. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at fair value through profit or loss	7,243,523	4,997,196	6,866,390	4,485,690
Financial assets that are debt instruments measured at amortised cost	1,921,926	2,010,016	1,928,714	2,128,802
	<u>9,165,449</u>	<u>7,007,212</u>	<u>8,795,104</u>	<u>6,614,492</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(5,544,535)	(1,114,397)	(5,205,820)	(755,411)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors and monies due from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and deferred income and other creditors.

23. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	105,347	15,745
Charged to profit or loss	22,220	92,509
Utilised in year	53,300	(2,907)
At end of year	<u>180,867</u>	<u>105,347</u>

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

23. Deferred taxation (continued)**Company**

	2018 £	2017 £
At beginning of year	49,261	(43,248)
Charged to profit or loss	22,220	92,509
At end of year	71,481	49,261

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	180,867	105,347	71,481	49,261
	<u>180,867</u>	<u>105,347</u>	<u>71,481</u>	<u>49,261</u>

24. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
742 (2017 - 900) ordinary shares of £1.00 each	742	900

During the year 158 shares were bought back and cancelled by the Company.

25. Pension commitments

The UK Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £243,253 (2017: £241,147).

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

26. Commitments under operating leases

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	43,590	44,558	43,590	44,558
Later than 1 year and not later than 5 years	173,357	171,000	173,357	171,000
Later than 5 years	159,053	201,803	159,053	201,803
	<u>376,000</u>	<u>417,361</u>	<u>376,000</u>	<u>417,361</u>

27. Related party transactions**Related party transaction**

The premises occupied by Limbs & Things Limited are rented from C H L (Properties) Limited, for which there is no formal lease, a company with common director and shareholder. Rent paid during the year was £80,000 (2017 - £80,000). At the year end there were no amounts outstanding.

J Riley received £Nil remuneration during the year (2017 - £8,000) under her contract of employment.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £778,515 (2017 - £1,046,045). There are 11 people deemed to be key management personnel, including directors (2017 - 11).

The Group has taken advantage of the exemption available under Section 33 of FRS 102 to disclose transactions between Group Companies.

Employee Benefit Trust (EBT) share purchase

During the year, the EBT bought 270 shares from Nic Riley for £5,000,000.

28. Post balance sheet events

Following the year end the Company acquired the leasehold premises from C H L (Properties) Limited.

29. Controlling party

The directors do not consider there to be an ultimate controlling party.

30. Employee Benefit Trust (EBT)

The Company established the EBT as a vehicle to hold shares in the Company for the benefit of all the Group employees.

LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

31. Investment in own shares

	2018 £	2017 £
Movement in the year	5,000,000	-
	<u>5,000,000</u>	<u>-</u>

Investment in own shares is a deduction from capital and reserves. It arises on the investment in own shares through a combination of the Limbs & Things Employee Benefit Trust and the direct investment in its own shares.

The shares will be held in an EBT until such time as they may be transferred to participants of the scheme.