

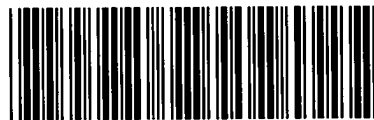
# Limbs & Things Limited and Subsidiary Undertakings

Registered number: 02532281

## Directors' report and financial statements

For the year ended 31 December 2017

TUESDAY



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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**COMPANY INFORMATION**

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<b>Directors</b>	C M Cooper N Cooper (resigned 3 November 2017) N Riley (resigned 26 July 2018) M Robinson R Braso A Allin N Hull (appointed 1 September 2017)
<b>Registered number</b>	02532281
<b>Registered office</b>	Sussex Street St Philips Bristol BS2 0RA
<b>Trading Address</b>	Sussex Street St Philips Bristol BS2 0RA
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor 90 Victoria Street Bristol BS1 6DP

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Introduction

The directors present their strategic report for the year ended 31 December 2017.

#### 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 improvement in trading conditions experienced in recent years continued in 2017 and customers continued to access funding for medical training and simulation in many countries. The Company's flagship product, Prompt Flex, and the newly developed Abdominal Examination Trainer, sold well in many countries. Continued investment in the sales structure increased penetration and sales continued to increase in the year.

Supplier pressures persisted from the prior year as they sought to increase prices, partly due to the continued weakness of Sterling, but these pressures were largely resisted as purchased volumes increased. Investment in equipment and facilities and an emphasis on efficiency improvements has been successful and improved productivity.

The Company acquired the lease for an adjacent property, refurbished it and successfully relocated production activities to the new property, thereby facilitating scope for future growth and productivity improvements. The Company also purchased the leasehold on its adjacent warehousing facility.

In 2017, the Company achieved record levels of sales and margin and delivered record profits.

#### Principal risks and uncertainties

Sales generation remains the key business risk, with the business exposed to downturns in healthcare expenditure in its key markets. Competition from Asian companies remains a threat albeit largely restricted to Asia at present, but could spread to Europe and the US in time.

Brexit could present export difficulties.

#### Financial key performance indicators

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

- 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.

2017 saw an improvement in gross margin and EBIT as a result of increased sales and productivity improvements. The current ratio remains healthy and continues to increase. There was a single reportable accident at the end of 2017 which was reported in 2018; the accident was minor and reportable only because the employee returned to work after the Christmas shutdown. On time delivery performance remains consistently high at >95%.

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LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

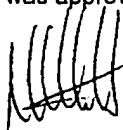
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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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This report was approved by the board on 30 August 2018 and signed on its behalf.

N Hull  
Director



24 SEPTEMBER 2018

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their report and the financial statements for the year ended 31 December 2017.

#### 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 £3,917,684 (2016 - £2,165,818).

No dividends were paid during the year (2016 - an interim dividend of £1,200,000 was paid).

#### Directors

The directors who served during the year were:

C M Cooper  
N Cooper (resigned 3 November 2017)  
N Riley (resigned 26 July 2018)  
M Robinson  
R Braso  
A Allin  
N Hull (appointed 1 September 2017)

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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**

During 2017 discussions were ongoing between the shareholders for the establishment of an EBT. An EBT was established in April 2018 and N Riley sold his shares to the EBT on 26 July 2018. The EBT scheme rules have yet to be established.

**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: 24 SEPTEMBER 2018

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

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#### Opinion

We have audited the financial statements of Limbs & Things Limited and Subsidiary Undertakings (the 'Company') for the year ended 31 December 2017 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's and of the parent Company's affairs as at 31 December 2017 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.

#### 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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

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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 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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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

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#### 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 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 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](http://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.



Richard Bott (Senior statutory auditor)

for and on behalf of

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

Date:

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Note	2017 £	2016 £
Turnover	4	18,770,363	15,450,249
Cost of sales		(8,382,539)	(7,802,627)
<b>Gross profit</b>		<u>10,387,824</u>	<u>7,647,622</u>
Distribution costs		(1,205,890)	(1,194,431)
Administrative expenses		(4,465,844)	(3,513,092)
Other operating income	5	54,847	10,351
Other operating charges		-	5,581
<b>Operating profit</b>	6	<u>4,770,937</u>	<u>2,956,031</u>
Interest receivable and similar income	10	443	628
Interest payable and expenses	11	-	(45)
<b>Profit before tax</b>		<u>4,771,380</u>	<u>2,956,614</u>
Tax on profit	12	(853,696)	(790,796)
<b>Profit for the financial year</b>		<u><u>3,917,684</u></u>	<u><u>2,165,818</u></u>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Currency translation differences		(33,653)	91,080
		<u>(33,653)</u>	<u>91,080</u>
<b>Total comprehensive income for the year</b>		<u><u>3,884,031</u></u>	<u><u>2,256,898</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		3,917,684	2,165,818
		<u><u>3,917,684</u></u>	<u><u>2,165,818</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 15 to 35 form part of these financial statements.

**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 02532281**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
Intangible assets	14	15,547	33,005
Tangible assets	15	1,721,679	710,022
		<u>1,737,226</u>	<u>743,027</u>
<b>Current assets</b>			
Stocks	17	1,470,384	1,140,383
Debtors: amounts falling due within one year	18	2,405,444	1,879,315
Cash at bank and in hand	19	4,997,196	2,510,706
		<u>8,873,024</u>	<u>5,530,404</u>
Creditors: amounts falling due within one year	20	<u>(1,425,355)</u>	<u>(1,492,245)</u>
<b>Net current assets</b>		<u>7,447,669</u>	<u>4,038,159</u>
<b>Total assets less current liabilities</b>		<u>9,184,895</u>	<u>4,781,186</u>
<b>Provisions for liabilities</b>			
Deferred taxation	22	(105,347)	(15,745)
<b>Net assets</b>		<u><u>9,079,548</u></u>	<u><u>4,765,441</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	900	900
Share premium account		99,200	99,200
Profit and loss account		8,979,448	4,665,341
		<u><u>9,079,548</u></u>	<u><u>4,765,441</u></u>

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

N Hull  
 Director



24 SEPTEMBER 2018

**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**  
**REGISTERED NUMBER: 02532281**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	14	15,547	33,005
Tangible assets	15	1,507,042	567,392
Investments	16	623	623
		<u>1,523,212</u>	<u>601,020</u>
<b>Current assets</b>			
Stocks	17	1,005,347	862,937
Debtors: amounts falling due within one year	18	2,464,456	1,617,134
Cash at bank and in hand	19	4,485,690	2,133,456
		<u>7,955,493</u>	<u>4,613,527</u>
Creditors: amounts falling due within one year	20	(993,951)	(1,110,769)
<b>Net current assets</b>		<u>6,961,542</u>	<u>3,502,758</u>
<b>Total assets less current liabilities</b>		<u>8,484,754</u>	<u>4,103,778</u>
<b>Provisions for liabilities</b>			
Deferred taxation	22	(49,261)	-
		<u>(49,261)</u>	<u>-</u>
<b>Net assets</b>		<u><u>8,435,493</u></u>	<u><u>4,103,778</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	900	900
Share premium account		99,200	99,200
Profit and loss account		8,335,393	4,003,678
		<u>8,435,493</u>	<u>4,103,778</u>

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

N Hull  
 Director



24 SEPTEMBER 2018

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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

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	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2016	900	99,200	3,608,443	3,708,543	3,708,543
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	2,165,818	2,165,818	2,165,818
Currency translation differences	-	-	91,080	91,080	91,080
<b>Other comprehensive income for the year</b>	-	-	91,080	91,080	91,080
<b>Total comprehensive income for the year</b>	-	-	2,256,898	2,256,898	2,256,898
Dividends: Equity capital	-	-	(1,200,000)	(1,200,000)	(1,200,000)
<b>Total transactions with owners</b>	-	-	(1,200,000)	(1,200,000)	(1,200,000)
At 1 January 2017	900	99,200	4,665,341	4,765,441	4,765,441
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	3,917,684	3,917,684	3,917,684
Currency translation differences	-	-	(33,653)	(33,653)	(33,653)
<b>Other comprehensive income for the year</b>	-	-	(33,653)	(33,653)	(33,653)
<b>Total comprehensive income for the year</b>	-	-	3,884,031	3,884,031	3,884,031
<b>Total transactions with owners</b>	-	-	-	-	-
<b>At 31 December 2017</b>	<b>900</b>	<b>99,200</b>	<b>8,549,372</b>	<b>8,649,472</b>	<b>8,649,472</b>

The notes on pages 15 to 35 form part of these financial statements.

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	900	99,200	2,954,522	3,054,622
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,249,156	2,249,156
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(1,200,000)	(1,200,000)
<b>Total transactions with owners</b>	-	-	(1,200,000)	(1,200,000)
At 1 January 2017	900	99,200	4,003,678	4,103,778
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,901,639	3,901,639
<b>At 31 December 2017</b>	<b>900</b>	<b>99,200</b>	<b>7,905,317</b>	<b>8,005,417</b>

The notes on pages 15 to 35 form part of these financial statements.

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	3,917,684	2,165,818
<b>Adjustments for:</b>		
Amortisation of intangible assets	17,458	32,124
Depreciation of tangible assets	336,644	294,174
Loss on disposal of tangible assets	-	205
Interest paid	-	45
Interest received	(443)	(628)
Taxation charge	853,696	790,796
(Increase) in stocks	(330,001)	(111,049)
(Increase)/decrease in debtors	(548,214)	298,428
Decrease/(increase) in amounts owed by associates	22,087	(2,012)
Increase/(decrease) in creditors	191,408	(35,422)
Increase/(decrease) in amounts owed to participating interests	-	(1,200,000)
Net fair value (gains)/losses recognised in P&L	(33,653)	91,080
Corporation tax (paid)	(592,318)	(852,525)
<b>Net cash generated from operating activities</b>	<u>3,834,348</u>	<u>1,471,034</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,357,761)	(421,254)
Sale of tangible fixed assets	9,460	26,308
Interest received	443	628
<b>Net cash from investing activities</b>	<u>(1,347,858)</u>	<u>(394,318)</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**(CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(1,200,000)
Interest paid	-	(45)
<b>Net cash used in financing activities</b>	<u>-</u>	<u>(1,200,045)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,486,490	(123,329)
Cash and cash equivalents at beginning of year	2,510,706	2,634,035
<b>Cash and cash equivalents at the end of year</b>	<u>4,997,196</u>	<u>2,510,706</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	4,997,196	2,510,706
	<u>4,997,196</u>	<u>2,510,706</u>

The notes on pages 15 to 35 form part of these financial statements.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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 judgment in applying the Group 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 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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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.

##### 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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.5 Revenue (continued)

###### 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.

##### 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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 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.

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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

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

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

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

Depreciation is provided on the following basis:

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

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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.15 Investments in associates

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for at cost less impairment in the individual financial statements. The investment in the associate has been fully impaired.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

##### 2.16 Valuation of investments

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.17 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.

##### 2.18 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.

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## LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.19 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.

##### 2.20 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.

##### 2.21 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.

##### 2.22 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.

##### 2.23 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.

##### 2.24 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.

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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:

	2017 £	2016 £
United Kingdom	2,619,495	4,634,559
Rest of World	9,853,944	6,705,803
North America	6,296,924	4,109,887
	<u>18,770,363</u>	<u>15,450,249</u>

**5. Other operating income**

	2017 £	2016 £
Other operating income	28,074	-
Profit on disposal of tangible assets	26,773	10,351
	<u>54,847</u>	<u>10,351</u>

**6. Operating profit**

The operating profit is stated after charging:

	2017 £	2016 £
Research & development charged as an expense	1,022	-
Depreciation of tangible fixed assets	336,645	241,504
Amortisation of intangible assets	17,458	32,124
Exchange differences	148,735	(285,941)
Defined contribution pension cost	241,147	127,853
Operating lease costs	47,982	20,482

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**7. Auditor's remuneration**

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	10,620	10,310
	<u>10,620</u>	<u>10,310</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
The auditing of accounts of associates of the Group pursuant to legislation	17,616	2,815
Other services relating to taxation	7,112	3,325
All other services	43,246	-
	<u>67,974</u>	<u>6,140</u>

**8. Employees**

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	5,058,188	4,698,059	3,620,404	3,413,257
Social security costs	429,710	357,571	394,430	327,758
Cost of defined contribution scheme	241,147	127,853	163,723	89,317
	<u>5,729,045</u>	<u>5,183,483</u>	<u>4,178,557</u>	<u>3,830,332</u>

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

	2017 No.	2016 No.
Admin and production staff	146	142

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Directors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	653,151	482,298
Company contributions to defined contribution pension schemes	27,689	16,094
	<u>680,840</u>	<u>498,392</u>

During the year retirement benefits were accruing to 4 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £217,059 (2016 - £210,682).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,135 (2016 - £8,073).

During the year NIL directors received shares under the long term incentive schemes (2016 - NIL)

**10. Interest receivable**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other interest receivable	443	628
	<u>443</u>	<u>628</u>

**11. Interest payable and similar expenses**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank interest payable	-	45
	<u>-</u>	<u>45</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	761,149	857,870
Adjustments in respect of previous periods	38	-
	<u>761,187</u>	<u>857,870</u>
<b>Total current tax</b>	<u>761,187</u>	<u>857,870</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	92,509	(67,074)
<b>Total deferred tax</b>	<u>92,509</u>	<u>(67,074)</u>
<b>Taxation on profit on ordinary activities</b>	<u>853,696</u>	<u>790,796</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	4,771,380	2,956,615
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	918,491	591,323
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,775	62
Fixed asset differences	4,329	3,569
Adjustments to tax charge in respect of previous periods	38	-
Adjustment to opening deferred tax to average rate of 19.25% (2016: 20.25%)	5,720	5,120
Adjustment to closing deferred tax to average rate of 19.25% (2016: 20.25%)	(6,510)	(7,632)
Deferred tax not recognised	86,496	92,152
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(187,052)	(187,178)
Tax attributable to overseas subsidiary undertakings	26,409	293,380
<b>Total tax charge for the year</b>	<b>853,696</b>	<b>790,796</b>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Taxation (continued)****Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**13. Dividends**

	2017 £	2016 £
Dividends	-	1,200,000
	<u>-</u>	<u>1,200,000</u>
	<u>-</u>	<u>1,200,000</u>

**14. Intangible assets****Group**

	Patents £	Software costs £	Trademarks £	Total £
<b>Cost</b>				
At 1 January 2017	19,454	165,169	651	185,274
At 31 December 2017	<u>19,454</u>	<u>165,169</u>	<u>651</u>	<u>185,274</u>
<b>Amortisation</b>				
At 1 January 2017	19,454	132,164	651	152,269
Charge for the year	-	17,458	-	17,458
At 31 December 2017	<u>19,454</u>	<u>149,622</u>	<u>651</u>	<u>169,727</u>
<b>Net book value</b>				
At 31 December 2017	<u>-</u>	<u>15,547</u>	<u>-</u>	<u>15,547</u>
At 31 December 2016	<u>-</u>	<u>33,005</u>	<u>-</u>	<u>33,005</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**14. Intangible assets (continued)****Company**

	<b>Patents £</b>	<b>Software £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2017	19,454	165,169	184,623
At 31 December 2017	<u>19,454</u>	<u>165,169</u>	<u>184,623</u>
<b>Amortisation</b>			
At 1 January 2017	19,454	132,164	151,618
Charge for the year	-	17,458	17,458
At 31 December 2017	<u>19,454</u>	<u>149,622</u>	<u>169,076</u>
<b>Net book value</b>			
At 31 December 2017	<u>-</u>	<u>15,547</u>	<u>15,547</u>
At 31 December 2016	<u>-</u>	<u>33,005</u>	<u>33,005</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Tangible fixed assets**

**Group**

	<b>Long Term Leasehold Property Improve'ts £</b>	<b>Plant &amp; machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 January 2017	86,394	1,100,939	141,884	177,813	515,515	2,022,545
Additions	904,258	316,091	19,000	63,766	54,647	1,357,762
Disposals	-	(27,591)	(46,800)	(48,037)	(105,999)	(228,427)
At 31 December 2017	<u>990,652</u>	<u>1,389,439</u>	<u>114,084</u>	<u>193,542</u>	<u>464,163</u>	<u>3,151,880</u>
<b>Depreciation</b>						
At 1 January 2017	36,337	687,176	71,675	80,300	437,035	1,312,523
Charge for the year on owned assets	31,460	175,178	32,410	28,838	68,759	336,645
Disposals	-	(24,386)	(45,237)	(45,330)	(104,014)	(218,967)
At 31 December 2017	<u>67,797</u>	<u>837,968</u>	<u>58,848</u>	<u>63,808</u>	<u>401,780</u>	<u>1,430,201</u>
<b>Net book value</b>						
At 31 December 2017	<u>922,855</u>	<u>551,471</u>	<u>55,236</u>	<u>129,734</u>	<u>62,383</u>	<u>1,721,679</u>
At 31 December 2016	<u>50,057</u>	<u>413,763</u>	<u>70,209</u>	<u>97,513</u>	<u>78,480</u>	<u>710,022</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Tangible fixed assets (continued)**

**Company**

	<b>Long Term Leasehold Improvements £</b>	<b>Plant &amp; machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 January 2017	77,978	1,097,229	141,884	58,357	212,307	1,587,755
Additions	822,039	316,091	19,000	21,678	37,721	1,216,529
Disposals	-	(16,700)	(46,800)	-	(17,504)	(81,004)
At 31 December 2017	<u>900,017</u>	<u>1,396,620</u>	<u>114,084</u>	<u>80,035</u>	<u>232,524</u>	<u>2,723,280</u>
<b>Depreciation</b>						
At 1 January 2017	36,337	716,071	71,675	37,853	158,427	1,020,363
Charge for the year on owned assets	22,493	173,430	32,410	10,863	35,460	274,656
Disposals	-	(16,700)	(45,237)	-	(16,844)	(78,781)
At 31 December 2017	<u>58,830</u>	<u>872,801</u>	<u>58,848</u>	<u>48,716</u>	<u>177,043</u>	<u>1,216,238</u>
<b>Net book value</b>						
At 31 December 2017	<u>841,187</u>	<u>523,819</u>	<u>55,236</u>	<u>31,319</u>	<u>55,481</u>	<u>1,507,042</u>
At 31 December 2016	<u>41,641</u>	<u>381,158</u>	<u>70,209</u>	<u>20,504</u>	<u>53,880</u>	<u>567,392</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Fixed asset investments****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Country of incorporation</b>
Limbs & Things Inc	Ordinary	100 %	USA
Limbs & Things Australia	Ordinary	100 %	Australia
K.Waldemar Larsson AB	Ordinary	100 %	Sweden

<b>Name</b>	<b>Principal activity</b>
Limbs & Things Inc	The distribution of anatomical devices
Limbs & Things Australia	The distribution of anatomical devices
K. Waldemar Larsson AB	The sale of medical equipment and materials

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2017	623
At 31 December 2017	<u>623</u>
<b>Net book value</b>	
At 31 December 2017	<u>623</u>
At 31 December 2016	<u><u>623</u></u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Stocks**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Raw materials and consumables	940,952	831,394	940,952	831,394
Finished goods and goods for resale	529,432	308,989	64,395	31,543
	<u>1,470,384</u>	<u>1,140,383</u>	<u>1,005,347</u>	<u>862,937</u>

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

**18. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade debtors	1,956,989	1,394,578	2,110,190	824,261
Amounts owed by group undertakings	-	-	-	459,080
Amounts owed by joint ventures and associated undertakings	-	22,087	-	22,087
Other debtors	216,289	177,388	181,078	147,830
Prepayments and accrued income	232,166	285,262	173,188	120,628
Deferred taxation	-	-	-	43,248
	<u>2,405,444</u>	<u>1,879,315</u>	<u>2,464,456</u>	<u>1,617,134</u>

**19. Cash and cash equivalents**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Cash at bank and in hand	4,997,196	2,510,706	4,485,690	2,133,456
	<u>4,997,196</u>	<u>2,510,706</u>	<u>4,485,690</u>	<u>2,133,456</u>

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**20. Creditors: Amounts falling due within one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade creditors	404,380	387,065	227,921	354,557
Corporation tax	584,934	413,159	572,916	407,043
Other taxation and social security	111,471	92,633	95,702	78,701
Other creditors	56,387	55,103	-	-
Accruals and deferred income	698,259	544,285	527,488	270,468
	<u>1,855,431</u>	<u>1,492,245</u>	<u>1,424,027</u>	<u>1,110,769</u>

**21. Financial instruments**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	4,997,196	2,510,706	4,485,690	2,133,456
Financial assets that are debt instruments measured at amortised cost	2,010,016	1,466,524	2,128,802	1,325,728
	<u>7,007,212</u>	<u>3,977,230</u>	<u>6,614,492</u>	<u>3,459,184</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(1,114,397)</u>	<u>(871,452)</u>	<u>(755,411)</u>	<u>(625,025)</u>

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.

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Deferred taxation**

**Group**

	2017 £	2016 £
At beginning of year	(15,745)	(82,818)
Charged to profit or loss	(92,509)	89,324
Utilised in year	2,907	(22,251)
<b>At end of year</b>	<b>(105,347)</b>	<b>(15,745)</b>

**Company**

	2017 £	2016 £
At beginning of year	43,248	(46,076)
Charged to profit or loss	(92,509)	89,324
<b>At end of year</b>	<b>(49,261)</b>	<b>43,248</b>

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(105,347)	(15,745)	(49,261)	43,248
	<b>(105,347)</b>	<b>(15,745)</b>	<b>(49,261)</b>	<b>43,248</b>

**23. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
900 ordinary shares shares of £1 each	900	900

**24. 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 £241,147 (2016 £127,853).

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**LIMBS & THINGS LIMITED AND SUBSIDIARY UNDERTAKINGS**

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**25. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Not later than 1 year	44,558	20,482	44,558	20,482
Later than 1 year and not later than 5 years	171,000	79,166	171,000	79,166
Later than 5 years	201,803	-	201,803	-
	<u>417,361</u>	<u>99,648</u>	<u>417,361</u>	<u>99,648</u>

**26. 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 (2016 - £80,000).

During the year Limbs and Things Limited made purchases of £Nil (2016 - £Nil) and sales of £143,538 (2016 - £109,824) with a principal associate; Skills Med. The associate was sold on 1 November 2017. An amount of £10,732 was still due at the year end in respect of these sales (2016 - £22,087).

J Riley received £8,000 remuneration during the year (2016 - £9,600) 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 £1,046,045 (2016 - £832,748). There are 11 people deemed to be key management personnel, including directors (2016 - 11).

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

**27. Post balance sheet events**

During 2017 discussions were ongoing between the shareholders for the establishment of an EBT. An EBT was established in April 2018 and N Riley sold his shares to the EBT on 26 July 2018. The EBT scheme rules have yet to be established.

**28. Controlling party**

C M Cooper is considered to be the controlling party by virtue of her shareholding in Limbs & Things Limited.