



T.F. & J.H. BRAIME (HOLDINGS) P.L.C.

report **&** accounts
2012





Contents

Company information	3
Notice of meeting	4
Chairman's statement	6
Directors' report	8
Directors' remuneration report	13
Independent auditors' report	16
Consolidated income statement	18
Consolidated statement of comprehensive income	18
Consolidated balance sheet	19
Consolidated cash flow statement	20
Consolidated statement of changes in equity	21
Notes to the accounts	22
Company balance sheet	49
Notes to the company accounts	50
Five year record	55



T.F. & J.H. BRAIME (HOLDINGS) P.L.C.



Directors	O. N. A. Braime, MA, (Oxon.), M.B.I.M. (Chairman) P. J. O. Alcock, B. Eng. (Non-executive director) A. W. Walker MA, (Cantab.) (Non-executive director) A. Q. Braime, ACA, BA (Hons.) C. O. Braime, BSc, MA M. L. Mills, ACA
Secretary	M. L. Mills, ACA
Registered office	Hunslet Road, Leeds, LS10 1JZ.
Independent auditors	Kirk Newsholme, Chartered Accountants and Statutory Auditors, 4315 Park Approach, Thorpe Park, Leeds, LS15 8GB.
Bankers	National Westminster Bank PLC, 8 Park Row, Leeds, LS1 1QS.
Stockbrokers	W. H. Ireland, Zurich House, Canal Wharf, Leeds, LS11 5DB.
Company registration number	488001 (England and Wales)



Notice of meeting

Notice is hereby given that the SIXTY THIRD Annual General Meeting of the members of T.F. & J.H. BRAIME (HOLDINGS) P.L.C. will be held at the registered office of the company, Hunslet Road, Leeds, LS10 1JZ on 30th May 2013 at 11.45am.

1. To receive and adopt the report of the directors, the statement of accounts and the directors' remuneration report, for the year ended 31st December 2012, and the report of the auditors thereon.
2. To confirm dividends.
3. To re-elect directors.
4. To re-appoint the auditors, Kirk Newsholme.
5. To authorise the directors to fix the remuneration of the auditors.
6. To transact any other business which may be transacted at this meeting.

By order of the board,
M. L. Mills Secretary
Hunslet Road, Leeds, LS10 1JZ

11th April 2013

NOTES

1. A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not also be a member of the company.
2. In accordance with the company's articles of association holders of the Cumulative Preference shares are not entitled to attend or vote at this meeting.
3. There will be available for inspection at the registered office during the company's usual business hours (Saturday excepted) from the date of this notice until the date of the Annual General Meeting and for at least fifteen minutes prior to and during the meeting:

A statement for the period of twelve months to 31st December 2012 of all transactions of each director and, so far as he can reasonably ascertain, of his family interests in the Ordinary shares of the company.
4. There were no contracts of service in respect of the executive directors who were employed by the company as at 31st December 2012 other than for M. L. Mills. P. J. O. Alcock's service contract expired on 10th January 2013 and was renewed for a further twelve months.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.



Notice of meeting continued

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 11.30am on 28th May 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.



Chairman's statement

Performance of group companies

Sales revenue increased again in 2012 by 5.7% to £21.2m despite the global recession. However, the profit before tax declined from £1.24m in 2011 to £678,000 in 2012, and the profit after tax almost halved from £814,000 to £427,000.

Given the group's dependency on exports, the principal cause for the fall in profitability was that gross margins were adversely affected by the rise in the value of sterling against both the US dollar and the euro during 2012. Furthermore, the group faced even fiercer competition in the recession hit Euro zone, which also impacted on profits.

The level of the group's inventories has remained largely unchanged, which together with an improvement in debtors and trade creditor funding has resulted in the group being highly cash positive in the year. This situation has been further boosted by net proceeds of £378,000 from the sale of the US property. Having chosen to repay loans of £247,000 during the year, the group's closing cash and cash equivalents were £934,000 compared to £261,000 at the end of 2011.

Trading across the group at the start of 2013 has been positive, and as an exporter the recent exchange rates movements have been to the group's favour.

In these circumstances, the board decided to pay a second dividend of 5.40p on 4th April 2013, making a total dividend for the tax year ended 5th April 2013 of 7.80p, unchanged from the previous year.

Braime Pressings Limited, manufacturer of deep drawn metal presswork

Some of the new work planned to come on stream in 2012 did not materialise, consequently the loss in this subsidiary increased. A decision was made in the year to reduce the cost base by making a number of redundancies at shop floor level and, in January 2013, at management level. The board does not anticipate that any further reductions in staff will be necessary.

However, the company did secure a significant new customer account which has already begun generating sales. Furthermore, the board are more confident that revenues from one of the existing accounts, delayed last June, will come on stream later in 2013.

The company is modernising its web site and continues to actively search for new business. Seeking to achieve increased efficiencies through process improvement and carefully selected investment will also remain a focus.

4B division, distributor worldwide of components and monitoring systems for the material handling industry

Much of the division's business is generated from either the processing of industrial commodities, or from the handling, storage and processing of cereal crops. As a result, the business had seemed to be largely immune from the global recession. However, in the last quarter of 2012, there was a large reduction in business as existing projects were completed and new projects were delayed, as customers waited for bank finance. This drop in business in the last quarter of 2012, together with the continuing steep rise in the value of the sterling, had a major negative effect on the overall result for 2012.

The division still benefited from a good result in 4B Components in the USA, even though the net result was slightly down on 2011.

During 2012 the US business was re-located into a new 53,000 sq ft. warehouse and office facility, which was fitted out to the very high specification required to gain maximum efficiencies and provide for potential significant expansion. In the short-term this was a major challenge, but was successfully achieved with minimum disruption to the level of sales. Long-term the new facility offers a strong platform to continue growing this business.

Meanwhile, the subsidiaries with significant Euro zone sales, although increasing sales volumes, delivered disappointing results. 2013 has begun more positively as a result of the favourable movement in exchange rates which will help restore margins.



Chairman's statement continued

In addition to investing in new facilities, both in the US and 4B Africa, the division has continued to invest heavily in new products. In particular, investment was made in tooling for a new major bucket range, which has been successfully launched in February 2013 at the GEAPS exposition in the USA.

Investment

Including the investment in the new offices and distribution facilities and in new tooling, the group made fixed asset additions totalling £824,000 in 2012.

This included some major additions to the manufacturing plant at Braime Pressings and further investments are planned for 2013.

During 2012, a new ERP computer system was successfully implemented in the central UK arm of the 4B division. This system will be rolled out across all subsidiaries in 2013 and 2014, enabling the group to improve operating efficiencies and to fully integrate the subsidiaries across the world.

Banking facility

Following a detailed review of the group's banking facilities, a decision was made to consolidate the banking arrangements with HSBC. This process was completed in January 2013. This has given the group wider access to lines of finance, as well as providing improved international reach. The board believes that these new arrangements will support future growth.

Staff

David Brown, group Financial Director, retired on 10th April 2012. The board would like to thank him for his considerable service to the company during 31 years, latterly coping with the growing complexity of both the business and the regulatory requirements of a listed company. The directors wish him well in his retirement.

Marcus Mills joined the group in February 2012 as Financial Director Designate and Company Secretary, and his position was confirmed as Financial Director in October. Marcus qualified with PricewaterhouseCoopers in 1999. Before joining the group, he was the Financial Director of ALNO UK Limited and, although then only 38, brings with him considerable finance and business experience in European distribution.

During 2012 several new managers and trainee engineers have been recruited. We welcome them to the group. Our staff at all levels are our most important asset, and we thank them for their continuing support as their tasks become ever more challenging.

Outlook

The year has begun positively in spite of the continuing recession, and exchange rates have moved in the group's favour. Investment continues in machinery, facilities, new product development, employee training and the improvement of processes which the directors believe will enable a better result in 2013 to be achieved.

However, as seen in 2012, predicting future economic or business conditions is difficult, particularly as an international business manufacturing a large proportion of its products in the UK, which is exposed to changes in exchange rates.

O. N. A. Braime

11th April 2013



Directors' report

The directors present their annual report and financial statements for the year ended 31st December 2012.

ACTIVITIES

The principal activities of the group are the manufacture of metal presswork and the distribution of bulk material handling components, trading from locations in Australia, England, France, South Africa, Thailand and the United States.

The principal activity of the company is that of a holding company and a lessor of land and buildings to group companies.

REVIEW OF THE BUSINESS

A summary of the results of the year's trading is given on page 18 of the accounts. The chairman's statement on pages 6 and 7 reviews the development of the business and is adopted as part of this report.

Principal risks and uncertainties

The market for subcontract metal presswork remains challenging as the manufacturing sector in this country reduces in size. The retention of the TS16949 standard is important to the group as it allows us access to growing markets. Long term supply agreements are made with major customers. Rising steel prices are a risk to the group, however we have seen prices stabilising this year. With certain customers, materials are supplied either free issue or the price of the material is negotiated by the customer which reduces potential risk to the company.

The elevator components companies trade in six countries and each export to other countries. Whilst there is considerable price competition in the market the companies maintain their competitive edge by providing engineering expertise. In addition ranges of ancillary products, which provide higher margins, are sold into different industries. These products, often related to safety, are developed and improved on a regular basis.

The steps that the group take to protect itself in terms of credit risk, currency fluctuation and financial facility are contained in note 15.

Key performance indicators

Turnover and product profit margins are reviewed on a monthly basis. Stock levels are reviewed monthly and slow moving stock on a quarterly basis. The group has performed to the expected level and is discussed in further detail in the chairman's statement.

Environment

The group's policy with regard to the environment is that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period of this report the group have not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Employees

The quality and commitment of our people have played a major role in our business success. This has been demonstrated in many ways including improvements in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements. Employee performance is aligned to the achievement of goals set within each subsidiary and is rewarded accordingly. Employees are encouraged to use their skills to best effect and are offered training either externally or internally to achieve this.

RESULTS AND DIVIDENDS

The profit for the year after taxation and transferred to reserves was £426,875 (2011 – £814,021). No dividend is to be proposed at the Annual General Meeting.



Directors' report continued

DIRECTORS

The directors who served during the year and their beneficial interests in the shares of the company are detailed below:

	31st December 2012	1st January 2012
O. N. A. Braime		
Preference shares	100	100
Ordinary shares	143,400	143,400
'A' Ordinary shares	0	3,900
P. J. O. Alcock		
Ordinary shares	1,000	1,000
'A' Ordinary shares	5,000	5,000
A. W. Walker		
Ordinary shares	100	100
'A' Ordinary shares	300	300
A. Q. Braime		
Ordinary shares	35,175	35,175
C. O. Braime		
Ordinary shares	35,175	35,175
M. L. Mills		
'A' Ordinary shares	400	0

In accordance with the company's Articles of Association A. Q. Braime retires by rotation and, being eligible offers himself for re-election. M. L. Mills was appointed to the board on 10th October 2012 and having been appointed since the last Annual General Meeting, also offers himself for re-election.

D. H. Brown resigned on 10th April 2012 and ceased to be a director from this date.

None of the directors had a beneficial interest in any contract to which the company or a subsidiary company was a party during the financial year.

The company has made qualifying third party indemnity provisions for the benefit of its directors and officers.



Directors' report continued

SUBSTANTIAL SHAREHOLDINGS

The company has been notified that as at 11th April 2013, apart from the directors, only the following persons are beneficially interested in more than 3% of the Ordinary shares of the company:

	Ordinary shares held	Percentage
J M Finn Nominees Limited	73,500	15.31
Ferlim Nominees Limited Des. POOLED	46,883	9.77
Mrs P. V. Smith	27,500	5.73
Mrs L. V. Deacon	24,000	5.00
Mr. M. C. J. Barnes	16,555	3.45

Directors' report continued

CORPORATE GOVERNANCE

As an AIM listed group T.F. & J.H. Braime (Holdings) P.L.C. is not required to comply with the Combined Code 2010. However, the group applies those principles of good governance it believes appropriate to a group of this size.

INTERNAL CONTROLS

The board is responsible for the group's system of internal control and reviewing its effectiveness. Identification and evaluation of risks is an integral part of the board's planning process. Controls within the group are designed to provide the board with reasonable assurance regarding the maintenance of proper accounting records, the reliability of financial information and the safeguarding of assets. The group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material loss or misstatement. The board considers that the size of the group does not justify an internal audit function, but continues to keep the need for an internal audit function under review. The board has conducted a review of the effectiveness of the company's risk management and internal control systems.

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the chairman's statement on pages 6 to 7. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the chairman's statement on pages 6 to 7. In addition, note 15 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Current economic conditions create uncertainty over the level of demand for the group's products and services. The exchange rate between sterling, the US dollar and the euro provides further uncertainty.

The group, after consolidating its banking arrangements, has improved access to financial resources which are currently adequate. The group has contracts with a

number of customers and suppliers across different geographic areas and industries. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that there is not a substantial doubt that the group should be able to operate within the level of its current facilities.

After due consideration, the directors confirm that they have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's and the group's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report, the directors' report, the directors' remuneration report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the rules of the London Stock Exchange for companies trading on the AIM. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed by the parent company and applicable IFRSs as adopted by the European Union have been followed by the group, subject to any material departures disclosed and explained in the financial statements; and



Directors' report continued

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the directors at the date of this report confirms that:

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

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

RESEARCH AND DEVELOPMENT

The group continues to invest in research and development. This has resulted in improvements in the products which will benefit the group in the medium to long term.

SUBSCRIPTIONS AND DONATIONS

Charitable donations amounting to £2,403 (2011 - £2,072) were paid during the year. There were no donations to political organisations.

LAND AND BUILDINGS

The directors are of the opinion that the market value of the group's interests in land and buildings substantially exceeds its book value of £494,000. The directors believe that the value of those properties in current condition and for similar use could exceed £1.4m.

PAYMENT TO SUPPLIERS

It is the company's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the company abides by the agreed payment terms subject to the terms and conditions being met by the supplier.

Wherever possible UK subsidiaries follow the same policy and overseas subsidiaries are encouraged to adopt similar policies, by applying local best practices.

The number of days' purchases outstanding at the end of the financial year, calculated in accordance with the statutory instrument, for the group is 51 days (2011 - 47 days). The calculation does not however, take into account the fact that the year end position is not representative of the level of trading throughout the year. The calculation is not applicable to the holding company.

FINANCIAL INSTRUMENTS

The group's policy relating to the use of financial instruments is disclosed in note 15 to the accounts.

AUDITORS

A resolution proposing Kirk Newsholme be re-appointed as auditors of the company will be put to the Annual General Meeting.

By order of the board
M. L. Mills, Director

11th April 2013

Directors' remuneration report

INFORMATION NOT SUBJECT TO AUDIT

The purpose of this report is to inform shareholders of the company's policy with regard to executive remuneration and to provide full details of the salary and other benefits received by individual directors. The directors have adopted the principles of good governance as set out in the Combined Code and the Directors' Remuneration Report Regulations 2002. However, following the company's move to AIM compliance with this report is no longer mandatory.

Remuneration committee

Executive directors' pay is subject to the decision of the whole board and not of a separate remuneration committee. The directors believe that this is adequate for a group of this size.

Statement of company's policy on directors' remuneration

The board's policy is that the remuneration of the directors should reflect market rates applicable to a business of its size and complexity. This information is assessed by the board based on their commercial contacts within the industry and the local business community. It is intended that this policy will remain in place for the following financial year and subsequent periods.

There are no formal performance related elements, entitlements to share options or entitlements under long-term incentive plans in directors' remuneration. All employees of the group, including directors, may however receive a discretionary bonus which reflects the results of the group.

The only elements of remuneration that are pensionable are salary and bonuses.

There are no performance conditions relating to the non-executive directors' fees.

Service contracts

Other than Mr. M. L. Mills, the executive directors do not have service contracts with the company or its subsidiaries. The executive directors are subject to election by the shareholders at the first Annual General Meeting following their appointment and thereafter at least at every third subsequent Annual General Meeting. No compensation other than that prescribed by legislation is payable on termination of their employment.

Mr. P. J. O. Alcock's service contract, as a non-executive director, expires annually on 10th January. The renewal of this contract is subject to approval of the whole board and has been approved for a further twelve months to 10th January 2014. The remaining term of the contract will be payable on its early termination.

Mr. A. W. Walker's service contract expired on 30th March 2013. The renewal of this contract is subject to approval of the whole board and has been approved for a further three years to 30th March 2016.



Directors' remuneration report continued

INFORMATION SUBJECT TO AUDIT

Directors' remuneration

The remuneration of the individual directors who served during the period was as follows:

	Fees	Salary	Estimated taxable value of benefits in kind	Total	Total	Pension contributions	
	£	£	£	2012	2011	2012	2011
				£	£	£	£
Executive directors							
O. N. A. Braime	150	153,445	2,990	156,585	152,328	2,236	2,236
D. H. Brown	-	28,774	624	29,398	101,385	1,169	1,169
A. Q. Braime	150	60,540	900	61,590	57,103	5,119	4,556
C. O. Braime	150	59,972	858	60,980	55,535	5,120	4,558
M. L. Mills	50	20,305	327	20,682	-	1,225	-
Non-executive directors							
P. J. O. Alcock	15,125	-	-	15,125	13,750	-	-
A. W. Walker	15,125	-	-	15,125	13,750	-	-
	<u>30,750</u>	<u>323,036</u>	<u>5,699</u>	<u>359,485</u>	<u>393,851</u>	<u>14,869</u>	<u>12,519</u>
Paid by the company	<u>30,450</u>			<u>30,450</u>	<u>27,700</u>		

The estimated taxable value of benefits in kind includes private medical cover. Pension contributions represent amounts paid to defined contribution pension schemes.



Directors' remuneration report continued

Pension benefits

Benefits under the defined benefits scheme are as follows:

	Accrued benefit £	Increase in accrued benefit £	Increase in accrued benefit (excluding inflation) £	Transfer value (less director's contributions) of the increase in accrued benefit £
O. N. A. Braime	<u>68,750</u>	<u>3,000</u>	<u>1,291</u>	<u>33,586</u>
	Transfer value of accrued benefit 2012 £	2011 £	Increase in the transfer value of the accrued benefit (less director's contributions) £	
O. N. A. Braime	<u>1,974,171</u>	<u>1,765,172</u>		<u>208,999</u>

Since October 2008 transfer values are no longer calculated in accordance with actuarial guidance (GN11). The trustees are now required to set the assumptions on which transfer values are based. The trustees have adopted a new method proposed by the scheme actuary which complies with the new regulations. There were no other changes in benefits during the year.

Approval

The directors' remuneration report was approved by the board on 11th April 2013.

O. N. A. Braime, Director



Independent auditors' report

TO THE SHAREHOLDERS OF T.F. & J.H. BRAIME (HOLDINGS) P.L.C.

We have audited the financial statements of T.F. & J.H. Braime (Holdings) P.L.C. for the year ended 31st December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on pages 11 and 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31st December 2012 and of the group's profit and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you, if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Other matters

The company voluntarily prepares a directors' remuneration report in accordance with the provisions of the Companies Act 2006. The directors have requested that we audit the part of the directors remuneration report specified by the Companies Act 2006 to be audited as if the company were a listed company. In our opinion the part of the directors remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Mark Templeton BSc FCA

(Senior Statutory Auditor),
for and on behalf of **Kirk Newsholme**,
Chartered Accountants and Statutory Auditors,
4315 Park Approach,
Thorpe Park,
Leeds,
LS15 8GB.

11th April 2013



Consolidated income statement for the year ended 31st December 2012

	Note	2012 £	2011 £
Revenue		21,211,887	20,067,905
Changes in inventories of finished goods and work in progress		(23,484)	777,134
Raw materials and consumables used		(11,849,425)	(11,791,200)
Employee benefits costs	6	(4,587,039)	(4,132,824)
Depreciation expense		(464,539)	(395,200)
Other expenses		<u>(3,628,799)</u>	<u>(3,232,150)</u>
Profit from operations	2	658,601	1,293,665
Profit on disposal of tangible fixed assets		100,435	21,617
Finance costs	4	(101,541)	(82,455)
Finance income	4	<u>20,726</u>	<u>11,406</u>
Profit before tax		678,221	1,244,233
Tax expense	5	<u>(251,346)</u>	<u>(430,212)</u>
Profit for the year attributable to equity shareholders of the parent company		<u>426,875</u>	<u>814,021</u>
Basic and diluted earnings per share	16	<u>29.64p</u>	<u>56.53p</u>

Consolidated statement of comprehensive income for the year ended 31st December 2012

	Note	2012 £	2011 £
Profit for the year		426,875	814,021
Actuarial losses recognised directly in equity	17	(7,000)	(50,000)
Foreign exchange (losses)/gains on re-translation of overseas operations		(57,608)	48,467
Adjustment in respect of minimum funding requirement per IFRIC 14	17	10,000	(31,000)
Other comprehensive income for the year		<u>(54,608)</u>	<u>(32,533)</u>
Total comprehensive income for the year		<u>372,267</u>	<u>781,488</u>

The foreign currency movements arise on the re-translation of overseas subsidiaries' opening balance sheets at closing rates.

Following the change in IAS19 implemented as a consequence of a European Directive and first adopted in respect to the financial statements to 31st December 2009, the pension scheme asset can no longer be recognised.

The notes on pages 22 to 48 form part of these financial statements



Consolidated balance sheet

at 31st December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Assets					
Non-current assets					
Property, plant and equipment	7	1,504,575		1,426,995	
Goodwill		<u>12,270</u>		<u>12,270</u>	
Total non-current assets			1,516,845		1,439,265
Current assets					
Inventories	9	4,387,303		4,401,733	
Trade and other receivables	10	3,219,715		3,507,494	
Cash and cash equivalents		<u>1,576,283</u>		<u>1,746,464</u>	
Total current assets			9,183,301		9,655,691
Total assets			<u>10,700,146</u>		<u>11,094,956</u>
Liabilities					
Current liabilities					
Bank overdraft		642,492		1,485,757	
Trade and other payables	11	2,478,283		2,257,710	
Other financial liabilities	12	863,922		749,632	
Corporation tax liability		-		<u>114,319</u>	
Total current liabilities			3,984,697		4,607,418
Non-current liabilities					
Financial liabilities	13	<u>515,437</u>		<u>547,473</u>	
Total non-current liabilities			515,437		547,473
Total liabilities			4,500,134		5,154,891
Total net assets			<u>6,200,012</u>		<u>5,940,065</u>
Capital and reserves attributable to equity holders of the parent company					
Share capital	14		360,000		360,000
Capital reserve			77,319		77,319
Foreign exchange reserve			277,151		334,759
Retained earnings			<u>5,485,542</u>		<u>5,167,987</u>
Total equity			<u>6,200,012</u>		<u>5,940,065</u>

The financial statements on pages 18 to 48 were approved and authorised for issue by the board of directors on 11th April 2013 and were signed on its behalf by:

O. N. A. Braime, Director

M. L. Mills, Director

Company Registration Number 488001

The notes on pages 22 to 48 form part of these financial statements



Consolidated cash flow statement for the year ended 31st December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Operating activities					
Net profit			426,875		814,021
Adjustments for:					
Depreciation	7	464,539		395,200	
Grants amortised		(1,656)		(1,656)	
Foreign exchange (losses)/gains		(53,182)		47,391	
Finance income	4	(20,726)		(11,406)	
Finance expense	4	101,541		82,455	
Gain on sale of land and buildings, plant, machinery and motor vehicles		(100,435)		(21,617)	
Adjustment in respect of defined benefits scheme		21,000		(74,000)	
Income tax expense	5	251,346		430,212	
			<u>662,427</u>		<u>846,579</u>
Operating profit before changes in working capital and provisions					
			1,089,302		1,660,600
Decrease/(increase) in trade and other receivables		363,898		(215,892)	
Decrease/(increase) in inventories		14,430		(808,053)	
Increase/(decrease) in trade and other payables		444,808		(50,686)	
			<u>823,136</u>		<u>(1,074,631)</u>
Cash generated from operations					
			1,912,438		585,969
Income taxes paid			(441,784)		(486,947)
Investing activities					
Purchases of property, plant, machinery and motor vehicles		(483,734)		(320,241)	
Sale of land and buildings, plant, machinery and motor vehicles		378,440		21,620	
Interest received		2,726		4,406	
			<u>(102,568)</u>		<u>(294,215)</u>
Financing activities					
Proceeds from long term borrowings		-		133,196	
Repayment of borrowings		(247,065)		-	
Repayment of hire purchase creditors		(234,076)		(190,674)	
Interest paid		(101,541)		(82,455)	
Dividends paid		(112,320)		(103,680)	
			<u>(695,002)</u>		<u>(243,613)</u>
Increase/(decrease) in cash and cash equivalents			673,084		(438,806)
Cash and cash equivalents, beginning of period			<u>260,707</u>		<u>699,513</u>
Cash and cash equivalents, end of period	19		<u>933,791</u>		<u>260,707</u>

The notes on pages 22 to 48 form part of these financial statements



Consolidated statement of changes in equity

for the year ended 31st December 2012

	Note	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
Balance at 1st January 2011		360,000	77,319	286,292	4,538,646	5,262,257
Comprehensive income						
Profit		-	-	-	814,021	814,021
Other comprehensive income						
Actuarial losses recognised directly in equity	17	-	-	-	(50,000)	(50,000)
Foreign exchange losses on re-translation of overseas operations		-	-	48,467	-	48,467
Adjustment in respect of minimum funding requirement per IFRIC 14	17	-	-	-	(31,000)	(31,000)
Total other comprehensive income		-	-	48,467	(81,000)	(32,533)
Total comprehensive income		-	-	48,467	733,021	781,488
Transactions with owners						
Dividends	16	-	-	-	(103,680)	(103,680)
Total transactions with owners		-	-	-	(103,680)	(103,680)
Balance at 1st January 2012		360,000	77,319	334,759	5,167,987	5,940,065
Comprehensive income						
Profit		-	-	-	426,875	426,875
Other comprehensive income						
Actuarial losses recognised directly in equity	17	-	-	-	(7,000)	(7,000)
Foreign exchange losses on re-translation of overseas operations		-	-	(57,608)	-	(57,608)
Adjustment in respect of minimum funding requirement per IFRIC 14	17	-	-	-	10,000	10,000
Total other comprehensive income		-	-	(57,608)	3,000	(54,608)
Total comprehensive income		-	-	(57,608)	429,875	372,267
Transactions with owners						
Dividends	16	-	-	-	(112,320)	(112,320)
Total transactions with owners		-	-	-	(112,320)	(112,320)
Balance at 31st December 2012		360,000	77,319	277,151	5,485,542	6,200,012

The capital reserve arose on the listing of the company's shares on the London Stock Exchange. The foreign exchange reserve relates to the differences arising on the re-translation of overseas subsidiaries consolidated within the group financial statements. The retained earnings reserve includes the cumulated profits and losses of the group.

There was no movement in the share capital of the company.



Notes to the accounts

1. ACCOUNTING POLICIES

1.1 General company information

T.F. & J.H. Braime (Holdings) P.L.C. ('the company') and its subsidiaries (together 'the group') manufacture metal presswork and handle the distribution of bulk material handling components through trading from locations in Australia, England, France, South Africa, Thailand and the United States.

The company is incorporated and domiciled in the UK. The company's registered number is 488001. The address of its registered office is Hunslet Road, Leeds, LS10 1JZ.

The company is a public limited company and has its primary listing on the AIM division of the London Stock Exchange.

The group consolidated financial statements were authorised for issue by the board on 11th April 2013.

1.2 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in paragraph 1.3 below entitled critical accounting estimates and assumptions.

The company has elected to prepare its parent company financial statements in accordance with UK GAAP; these are presented on pages 49 to 54.

1.3 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Retirement benefit obligations

The group operates a defined benefit arrangement (note 17). Asset valuations are based on the fair value of the assets. The valuations of the liabilities of the scheme are based on statistical and actuarial calculations, using various assumptions including discount rates, future salary and pension increases, life expectancy of scheme members and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes in factors assessed. Any of these differences could impact the assets or liabilities recognised in the balance sheet in future periods.

Inventory

Inventories are stated at the lower of cost and net realisable value. The assessment of net realisable value requires forecasts of future demand and the selling prices of inventory.

Notes to the accounts continued

1.4 Changes to accounting policy and disclosure

(a) New and amended standards adopted by the group.

The group has adopted the following new and amended IFRS's as of 1st January 2012.

- IAS 12, 'Deferred tax: Recovery of underlying assets' (amendment); effective from 1st January 2012
- IFRS 7, 'Financial instruments: Disclosures' (amendment); effective for accounting periods commencing on or after 1st July 2011.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January 2012 and not early adopted.

- IFRS 9, 'Financial instruments'; effective on or after 1st January 2015.
- IFRS 10, 'Consolidated financial statements'; effective on or after 1st January 2013.
- IFRS 13, 'Fair value measurement' effective on or after 1st January 2013.
- IFRS 7/IAS 32, 'Offsetting financial assets and financial liabilities' (amendments); effective on or after 1st January 2013. The amendment to IAS 32 is effective on or after 1st January 2014.
- IFRS 11, 'Joint arrangement', superseding IAS 31 and SIC-13; effective on or after 1st January 2013.
- IFRS 12, 'Disclosure of interests in other entities'; effective on or after 1st January 2013.
- IAS 1, 'Presentation of financial statements' (amendment); effective from 1st July 2012.
- IAS 19, 'Employee benefits' (amendments); effective on or after for accounting 1st January 2013.
- IAS 27, 'Separate financial statements' (amendment); effective on or after 1st January 2013.
- IAS 28, 'Investments in associates and joint ventures' (amendment); effective on or after 1st January 2013.

The application of these standards and interpretations is not expected to have a material impact on the group's reported financial performance or position. However, they may give rise to additional disclosures being made in the financial statements.

1.5 Revenue

Revenue arises solely from sale of goods net of local taxes.

Revenue is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on delivery.



Notes to the accounts continued

1.6 Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The consolidated financial statements of T.F. & J.H. Braime (Holdings) P.L.C. incorporate the financial statements of the parent company as well as those entities controlled by the group by full consolidation.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets

acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1.7 Foreign currency

T.F. & J.H. Braime (Holdings) P.L.C. consolidated financial statements are presented in sterling (£), which is also the functional currency of the parent company.

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the month end exchange rates as an approximation to that prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end exchange rates are recognised in the income statement under 'other income' or 'other expenses', respectively.

In the consolidated financial statements, all separate financial statements of subsidiaries originally presented in a currency different from the group's presentation currency, have been converted into sterling. Assets and liabilities have been translated into sterling at the closing rate at the balance sheet date. Income and expenses have been converted into the group's presentation currency using the exchange rates prevailing at the dates of the transactions. Any differences arising from this procedure have been charged/(credited) to the currency translation reserve in equity.



Notes to the accounts continued

1.8 Financial assets

The group considers that its financial assets comprise loans and receivables only. These assets are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors) but also incorporate other types of contractual monetary asset. They are carried at cost less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

1.9 Financial liabilities

The group's financial liabilities include bank loans and overdrafts, trade and other payables, finance leasing liabilities, irredeemable preference shares and forward currency contracts. They are included in balance sheet line items 'bank overdraft', 'trade and other payables', 'long-term financial liabilities' and 'other financial liabilities'.

Financial liabilities are recognised when the group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'finance cost' in the income statement.

Bank loans are raised for support of long term funding of the group's operations. They are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to

profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Forward currency contracts are held at fair value and are used to hedge exchange risk arising on foreign currency transactions denominated in a currency other than the transacting entities' functional currency.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as money market instruments and bank deposits. For the purposes of the cash flow statement cash and cash equivalents include bank overdrafts.

1.11 Borrowing costs

All borrowing costs are expensed as incurred.

1.12 Pension obligations and short term employee benefits

Pensions to employees are provided through a defined benefit plan as well as a defined contribution plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the group, even if the plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long term benefit fund as well as qualifying insurance policies.

A defined contribution plan is a pension plan under which the group pays fixed contributions into an independent entity. The group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.



Notes to the accounts continued

The asset or liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised immediately and in full in the statement of comprehensive income. Past service costs are recognised immediately in the consolidated income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

The contribution recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Short-term employee benefits are recognised for the number of paid leave days (usually holiday entitlement) remaining at the balance sheet date. They are included in current pension and other employee obligations at the undiscounted amount that the group expects to pay as a result of the unused entitlement.

If the group will not benefit from a scheme surplus in the form of refunds from the plan or reduced future contributions, no asset resulting from the above policy is recognised.

1.13 Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the group (a 'finance lease'), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an 'operating lease'), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

1.14 Impairment of non-financial assets

The group's property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the accounts continued

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses are charged pro-rata to the assets in the cash-generating unit. All assets are subsequently re-assessed for indications that an impairment loss previously recognised may no longer exist.

1.15 Research and development

Costs associated with research activities are expensed in the consolidated income statement as they occur. Costs that are directly attributable to the development phase of new products are recognised as intangible assets provided they meet the following recognition requirements:

- Demonstration of technical feasibility of the prospective product for internal use or sale.
- The intangible asset will generate probable economic benefits through internal use or sale.
- Sufficient technical, financial and other resources are available for completion.
- The costs to be capitalised as an intangible asset can be reliably measured.

1.16 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as components of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged or credited directly to equity are charged or credited directly to equity.

1.17 Dividends

Equity dividends are recognised when they become legally payable. In the case of dividends to equity shareholders, they are recognised when paid.

In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Dividends on the 5% Cumulative Preference shares are treated as finance costs and are recognised on an accruals basis.



Notes to the accounts continued

1.18 Property, plant and equipment

Property, plant and equipment (other than freehold land) are carried at acquisition cost less subsequent depreciation and impairment losses. No depreciation has been charged in respect of land and buildings as the directors have assessed that those assets have residual values equal to or greater than current carrying values.

The useful lives of property, plant and equipment (other than freehold land) can be summarised as follows:

- Land and buildings
Nil
- Plant, machinery and motor vehicles
4 - 5 years on a straight line basis

1.19 Inventories

Inventories comprise raw materials, supplies and purchased goods. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

1.20 Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the group.

Where retention of a government grant is dependent on the group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention has been satisfied, the deferred income balance is released to the consolidated income statement or netted against the asset purchased as appropriate.

1.21 Other provisions, contingent liabilities and contingent assets

Other provisions are recognised when present obligations will probably lead to an outflow of economic resources from the group and they can be estimated reliably. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated balance sheet. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Probable inflows of economic benefits to the group that do not yet meet the recognition criteria of an asset are considered contingent assets.



Notes to the accounts continued

2. PROFIT FROM OPERATIONS

	Note	2012 £	2011 £
This has been arrived at after charging/(crediting):			
Staff costs	6	4,587,039	4,132,824
Depreciation	7	464,539	395,200
Foreign exchange differences		37,422	(26,218)
Research and development costs		132,817	225,308
Write-down of inventory to net realisable value		31,093	16,557
Fees payable to the company's auditor:			
• for the audit of the company's annual accounts		5,000	5,000
• the audit of the company's subsidiaries, pursuant to legislation		25,000	24,000
• other services pursuant to legislation		3,000	500
Operating lease payments		25,732	7,660



Notes to the accounts continued

3. SEGMENTAL INFORMATION

Segmental information is presented in respect of the group's business segments, which are based on the group's management and internal reporting structure as at 31st December 2012.

The chief operating decision-maker has been identified as the board of directors ('the board'). The board reviews the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and on the internal reporting structure.

The board assesses performance based on a measure of earnings before tax. Other information provided to the board is measured in a manner consistent with that in the financial statements. Total segment assets exclude assets and liabilities that are managed on a central basis. These balances are part of the reconciliation to the total balance sheet assets and liabilities. Inter-segment pricing is determined on an arms-length basis.

The group comprises the following segments: the manufacture of metal presswork and the distribution of bulk material handling components.

	Central 2012 £	Manufacturing 2012 £	Distribution 2012 £	Total 2012 £
Revenue				
External	-	2,992,202	18,219,685	21,211,887
Inter company	51,390	3,339,322	2,300,456	5,691,168
Total	<u>51,390</u>	<u>6,331,524</u>	<u>20,520,141</u>	<u>26,903,055</u>
Profit				
EBITDA	(20,799)	253,679	896,659	1,129,539
Gain on sale of land and buildings	94,036	-	-	94,036
Finance costs	(11,302)	(49,488)	(40,751)	(101,541)
Finance income	1,105	19,505	116	20,726
Depreciation	-	(331,640)	(132,899)	(464,539)
Tax expense	(17,718)	-	(233,628)	(251,346)
Profit/(loss) for the period	<u>45,322</u>	<u>(107,944)</u>	<u>489,497</u>	<u>426,875</u>
Assets				
Total assets	625,569	2,250,827	7,823,750	10,700,146
Additions to non current assets	-	439,004	385,546	824,550
Liabilities				
Total liabilities	458,973	1,670,820	2,370,341	4,500,134



Notes to the accounts continued

	Central 2011 £	Manufacturing 2011 £	Distribution 2011 £	Total 2011 £
Revenue				
External	-	2,510,726	17,557,179	20,067,905
Inter company	<u>61,443</u>	<u>3,026,539</u>	<u>1,828,853</u>	<u>4,916,835</u>
Total	<u><u>61,443</u></u>	<u><u>5,537,265</u></u>	<u><u>19,386,032</u></u>	<u><u>24,984,740</u></u>
Profit				
EBITDA	(12,901)	274,159	1,449,224	1,710,482
Finance costs	(14,812)	(301,808)	(28,835)	(345,455)
Finance income	1,679	272,722	5	274,406
Depreciation	-	(322,728)	(72,472)	(395,200)
Tax expense	<u>(23,079)</u>	<u>-</u>	<u>(407,133)</u>	<u>(430,212)</u>
(Loss)/profit for the period	<u><u>(49,113)</u></u>	<u><u>(77,655)</u></u>	<u><u>940,789</u></u>	<u><u>814,021</u></u>
Assets				
Total assets	810,551	2,874,795	7,409,610	11,094,956
Additions to non current assets	-	396,164	205,247	601,411
Liabilities				
Total liabilities	526,570	1,849,717	2,778,604	5,154,891

Geographical analysis

The group is domiciled in the UK. Analysis of revenues from external customers by country is provided below:

	Revenue 2012 £,000	Non-current assets 2012 £,000	Revenue 2011 £,000	Non-current assets 2011 £,000
Canada	592	-	705	-
France	2,104	70	2,475	80
Germany	1,589	-	1,435	-
UK	4,889	1,183	4,481	1,011
USA	6,469	160	5,858	289
Other export	<u>5,569</u>	<u>92</u>	<u>5,114</u>	<u>47</u>
	<u><u>21,212</u></u>	<u><u>1,505</u></u>	<u><u>20,068</u></u>	<u><u>1,427</u></u>



Notes to the accounts continued

4. FINANCE INCOME AND EXPENSE

	Note	2012 £	2012 £	2011 £	2011 £
Finance expense					
Bank borrowings		68,104		57,354	
Hire purchase interest		24,437		16,101	
Preference share dividend		<u>9,000</u>		<u>9,000</u>	
			101,541		82,455
Finance income					
Bank interest received		2,726		4,406	
Other finance income	17.5	<u>18,000</u>		<u>7,000</u>	
			<u>20,726</u>		11,406
			<u>(80,815)</u>		<u>(71,049)</u>

Amendment to comparative figures

Following changes to IAS 19, defined benefit interest costs have been offset against the expected return on scheme assets disclosed within the consolidated income statement. As a consequence of this change in treatment the comparative figures for finance expenses and income have been reduced by the value of the defined benefit interest cost of £263,000, resulting in other finance income of £7,000.

Profit from operations disclosed within the consolidated income statement in respect of the year ended 31st December 2011 have been reduced by £21,617 in respect of profits on disposal of tangible fixed assets which have now been separately disclosed on the face of the consolidated income statement. This has been adjusted in order to ensure comparability with the exceptional gains achieved on disposal in respect of the current period.

5. TAX EXPENSE

	2012 £	2012 £	2011 £	2011 £
Current tax expense				
UK corporation tax				
UK tax expense on profits for the year	-		104,996	
Prior year adjustment	<u>-</u>		<u>(1,451)</u>	
		-		103,545
Foreign corporation tax				
Foreign tax expense on profits for the year	<u>251,346</u>		<u>326,667</u>	
Total tax charge		<u>251,346</u>		<u>326,667</u>
		<u>251,346</u>		<u>430,212</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:



Notes to the accounts continued

	2012	2011
	£	£
Profit before tax	<u>678,221</u>	<u>1,244,233</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	166,144	329,637
Expenses not deductible for tax purposes	3,303	11,700
Income not taxable	(406)	(438)
Tax credits on research and development	(23,887)	(25,734)
Profit on property disposed not taxable	(23,036)	-
Deferred tax asset not recognised	14,807	(33,179)
Foreign tax	118,689	152,021
Other differences	(3,484)	-
Prior year adjustment	-	(1,451)
Rate differences	(784)	(2,344)
	<u>251,346</u>	<u>430,212</u>

No deferred tax assets arising on tax losses, accelerated depreciation in excess of capital allowances or the pension provision have been recognised as their future recoverability is relatively uncertain. The amounts not recognised are estimated at £64,000, £61,000 and £(8,000) respectively (2011 - £69,000, £34,000 and £(11,000)) calculated at a rate of 23% (2011 – 25%). The deferred tax balance has not been discounted.

6. EMPLOYEES

The average number of employees of the group during the year was made up as follows:

	Note	2012	2011
		No.	No.
Office and management		68	67
Manufacturing		50	48
		<u>118</u>	<u>115</u>

Staff costs (including directors) comprise:

		£	£
Wages and salaries		3,991,163	3,621,011
Defined contribution pension cost		74,813	70,460
Defined benefit pension cost	17.5	95,000	36,000
Other long-term employee benefits		4,988	7,644
Ex-gratia pensions		17,137	16,491
Employer's national insurance contributions and similar taxes		486,052	458,624
		<u>4,669,153</u>	<u>4,210,230</u>
Included in other expenses		(82,114)	(77,406)
		<u>4,587,039</u>	<u>4,132,824</u>

Directors' remuneration:

Emoluments of qualifying services	359,485	393,851
Company pension contributions to money purchase schemes	14,869	12,519
	<u>374,354</u>	<u>406,370</u>



Notes to the accounts continued

6. EMPLOYEES continued

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounts to 4 (2011 – 4) and under defined benefit pension schemes amounted to 1 (2011 – 2). Further details of directors remuneration are included in the remuneration report.

7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £	Plant, machinery and motor vehicles £	Total £
At 31st December 2012			
Cost	289,512	5,698,074	5,987,586
Accumulated depreciation	74,215	4,408,796	4,483,011
Net book value	<u>215,297</u>	<u>1,289,278</u>	<u>1,504,575</u>
At 31st December 2011			
Cost	668,089	4,909,190	5,577,279
Accumulated depreciation	173,616	3,976,668	4,150,284
Net book value	<u>494,473</u>	<u>932,522</u>	<u>1,426,995</u>
Year ended 31st December 2012			
Opening net book value	494,473	932,522	1,426,995
Additions	-	824,550	824,550
Disposals	(278,005)	-	(278,005)
Depreciation	-	(464,539)	(464,539)
Exchange differences	(1,171)	(3,255)	(4,426)
Closing net book value	<u>215,297</u>	<u>1,289,278</u>	<u>1,504,575</u>
Year ended 31st December 2011			
Opening net book value	486,807	737,173	1,223,980
Additions	8,486	592,925	601,411
Disposals	-	(3)	(3)
Depreciation	-	(395,200)	(395,200)
Exchange differences	(820)	(2,373)	(3,193)
Closing net book value	<u>494,473</u>	<u>932,522</u>	<u>1,426,995</u>

The net book value of tangible fixed assets includes an amount of £585,737 (2011 - £466,521) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £236,741 (2011 - £164,728).



Notes to the accounts continued

8. SUBSIDIARIES

Subsidiary	Principal activity	Proportion of shares held 2012 and 2011	
		Ordinary Shares	Preference Shares
i Registered in and operating from England: Braime Pressings Limited	Manufacture of metal presswork	100%	100%
Braime Elevator Components Limited	Distribution of bulk material handling components	100%	-
ii Registered in England and operating from the USA: 4B Elevator Components Limited	Distribution of bulk material handling components	100%	-
iii Incorporated in and operating from France: Sarl S.E.T.E.M.	Distribution of bulk material handling components	100%	-
iv Incorporated in and operating from Thailand: 4B Asia Pacific Company Limited	Distribution of bulk material handling components	48%	-
v Incorporated in and operating from South Africa: 4B Africa Elevator Components (Pty) Limited	Distribution of bulk material handling components	100%	-
vi Incorporated in and operating from Australia: 4B Australia Pty Limited	Distribution of bulk material handling components	100%	-

While only 48% of the ordinary shares are held in 4B Asia Pacific Company Limited the company controls 89% of the voting rights.

9. INVENTORIES

	2012	2011
	£	£
Raw materials	388,743	351,311
Work in progress	50,299	58,385
Finished goods	3,935,562	3,950,960
Goods in transit	12,699	41,077
	<u>4,387,303</u>	<u>4,401,733</u>

During the twelve months ended 31st December 2012 the group recognised a charge of finished goods inventories of £31,093 (2011 – £16,557) to reflect the ageing of certain stock items.



Notes to the accounts continued

10. TRADE AND OTHER RECEIVABLES

	2012	2011
	£	£
Trade debtors	2,982,859	2,931,027
Other debtors	135,277	48,436
Prepayments	101,579	528,031
	<u>3,219,715</u>	<u>3,507,494</u>

Where possible credit insurance is obtained and sales to customers kept within agreed credit limits. Experience over the last five years has shown that bad debts in any one year have not exceeded £10,000.

The risk in relation to credit risk is considered low and is supported by the low level of bad debts experienced, both pre and post credit insurance claims, by the group in any one year. There are no material bad debt provisions and no material past due balances.

11. TRADE AND OTHER PAYABLES – CURRENT

	2012	2011
	£	£
Trade creditors	1,777,479	1,529,540
Other taxes and social security costs	139,190	67,021
Other creditors	100,538	136,777
Accruals	461,076	524,372
	<u>2,478,283</u>	<u>2,257,710</u>

12. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	2012	2011
		£	£
Bank loans - secured	13	5,075	175,536
Hire purchase		235,839	175,323
Other creditors		623,008	398,773
		<u>863,922</u>	<u>749,632</u>

An analysis of the interest rate payable on financial liabilities and information about fair values is given in note 15.

Other creditors comprise of an invoice discounting facility which has been secured by a fixed and floating charge over certain assets of certain group companies. In the prior year the balance on the invoice discounting facility was disclosed in the balance sheet and notes within current trade and other payables.



Notes to the accounts continued

13. FINANCIAL LIABILITIES – NON-CURRENT

	Note	2012 £	2011 £
Irredeemable Preference shares	14	180,000	180,000
Bank loans – secured		46,596	123,200
Hire purchase		277,305	231,081
Government grants		11,536	13,192
		<u>515,437</u>	<u>547,473</u>

Obligations under finance lease and hire purchase contracts comprise amounts payable as follows:

	2012 £	2011 £
In one year or less, or on demand	235,839	175,323
In more than one year but not more than five years	277,305	231,081
	<u>513,144</u>	<u>406,404</u>

Obligations under bank loan agreements comprise amounts payable as follows:

	2012 £	2011 £
Within one year	5,075	175,536
One to two years	5,230	11,471
Two to five years	16,676	37,353
Over five years	24,690	74,376
	<u>51,671</u>	<u>298,736</u>

Terms and conditions of outstanding loans were as follows:

	Interest Rate %	Year of maturity	2012 £	2011 £
Euro bank loan	2.25% over LIBOR	2 months	-	165,540
US dollar bank loan	5% fixed	2022	-	73,998
US dollar other loan	3% fixed	2022	51,761	59,198

The euro bank loan and the 5% fixed US dollar bank loan were repaid in the year. The US dollar bank loan is secured on the plant, equipment and inventory held by 4B Elevator Components Limited.



Notes to the accounts continued

14. SHARE CAPITAL

	2012	2011
	£	£
Authorised:		
480,000 Ordinary shares of 25p each	120,000	120,000
1,200,000 'A' Ordinary shares of 25p each	300,000	300,000
	<u>420,000</u>	<u>420,000</u>
Allotted, called up and fully paid:		
480,000 Ordinary shares of 25p each	120,000	120,000
960,000 'A' Ordinary shares of 25p each	240,000	240,000
	<u>360,000</u>	<u>360,000</u>

There are 180,000 Cumulative Preference shares of £1 each which have been classified as liabilities under IAS 32 (note 13). The rate of dividend of the 5% Cumulative Preference shares is 5% plus the associated tax credit. On a return of capital on a winding-up, the holders shall be entitled to £1.125 per share together with any arrears of preference dividend due to the date of return. Holders of these shares are only entitled to vote at meetings if the preference dividend remains unpaid for six months after any date fixed for payment or where resolutions are proposed which affect their rights or which increase the company's borrowing powers. In these events the 5% Cumulative Preference shareholders would be entitled to one vote per share.

The 'A' Ordinary shares rank pari passu in all respects with Ordinary shares except that the holders of 'A' Ordinary shares are not entitled to vote at general meetings. Holders of Ordinary shares are entitled to one vote for every four shares held.

On a return of capital on a winding-up, the holders of Ordinary and 'A' Ordinary shares shall be entitled to the residue of profits after distribution of the amount due to the 5% Cumulative Preference shareholders. The residue shall be distributed in proportion to the amounts paid up on the shares.

Notes to the accounts continued

15. FINANCIAL INSTRUMENTS

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The group holds financial instruments in order to finance its operations and to manage the interest rate and currency risks arising from those operations.

In addition various financial instruments such as trade debtors and trade creditors arise directly from the group's operations.

The group holds both financial assets and financial liabilities. Financial assets comprise cash balances, loans and receivables and are disclosed on the balance sheet as trade and other receivables. Financial liabilities comprise financial liabilities measured at amortised cost including bank loans and overdrafts, trade and other payables, finance leasing liabilities and irredeemable preference shares. Financial liabilities also include forward currency contracts at a fair value.

There is no formal policy for matching foreign currency cash flows, or matching exposure to foreign currency net assets or liabilities although a careful watch is kept on the positions. As shown below the group's currency exposure at the year end is £787,038 (2011 - £2,520,968) and is primarily euros and US dollars to sterling.

The group's policy is to ensure a balance of financial instruments to meet its operating requirements. This has been achieved during the period. Unutilised committed borrowing facilities have been maintained in order to provide flexibility in the management of liquidity.

Fair values

There is no material difference between the carrying value and the fair value of the group's financial assets and liabilities. Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to one fair value measurement. The only derivatives entered into by the group are included in level 2 and consist of foreign currency forward contracts.

Forward contracts

Forward currency contracts of £211,933 were outstanding at 31st December 2012 covering periods from 14th January 2013 to 28th February 2013 (31st December 2011 - £1,269,546). The fair value of the forward currency contracts is £3,546 (2011 - £8,591).

Maturity analysis

Other than is disclosed in note 13 regarding bank loans and obligations under finance lease and hire purchase agreements and the irredeemable preference shares all financial instruments fall due within one year.

The interest on irredeemable preference shares is £9,000 per annum. In addition to the maturity analysis disclosed in note 13 the interest due on hire purchase agreements repayable within one year totals £28,362 (2011 - £16,764), the interest due on finance lease and hire purchase agreements after one year but not more than five years totals £33,084 (2011 - £27,495). Likewise the interest due on bank loans repayable within one year totals £1,493 (2011 - £4,998), the interest due on bank loans repayable after one year but not more than five years totals £4,384 (2011 - £16,563), and the interest due on bank loans repayable after more than five years totals £1,604 (2011 - £8,283).



Notes to the accounts continued

Interest rate and currency of financial assets and liabilities

The currency and interest rate profile of the group's interest bearing financial assets is shown below:

	Floating rate financial assets £	Fixed rate financial assets £	Total £
Currency			
As at 31st December 2012			
Sterling	299,259	300,064	599,323
Euro	221,358	-	221,358
US dollar	620,290	-	620,290
Other	190,007	-	190,007
	<u>1,330,914</u>	<u>300,064</u>	<u>1,630,978</u>
As at 31st December 2011			
Sterling	63,937	1,065,063	1,129,000
Euro	240,851	-	240,851
US dollar	312,735	-	312,735
Other	181,299	-	181,299
	<u>798,822</u>	<u>1,065,063</u>	<u>1,863,885</u>

Fixed rate financial assets comprise a sterling cash deposit on the money market at 1 month rates. The weighted average period for which they are fixed is 1 month (2011 – 1 month) and the weighted average fixed rate is 0.25% (2011 – 0.43%).

Floating rate financial assets comprise bank current accounts.



Notes to the accounts continued

Interest rate and currency of financial assets and liabilities

The currency and interest rate profile of the group's interest bearing financial liabilities is shown below:

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Total £
Currency			
As at 31st December 2012			
Sterling	827,707	657,723	1,485,430
Euro	303,327	-	303,327
US dollar	189,165	51,671	240,836
Other	-	35,421	35,421
	<u>1,320,199</u>	<u>744,815</u>	<u>2,065,014</u>
As at 31st December 2011			
Sterling	1,374,591	586,404	1,960,995
Euro	159,696	165,539	325,235
US dollar	467,166	133,196	600,362
	501	-	501
	<u>2,001,954</u>	<u>885,139</u>	<u>2,887,093</u>

Floating rate financial liabilities comprise bank borrowings.



Notes to the accounts continued

Currency exposure

The monetary assets and liabilities of the group that are not denominated in the functional currency of the operating unit concerned are shown below.

Non interest bearing financial assets and liabilities

	Sterling £	Euro £	US dollar £	Other currencies £	Total £
Functional currency					
At 31st December 2012					
Sterling	-	301,984	112,331	935,831	1,350,146
Euro	(1,060,306)	-	-	-	(1,060,306)
US dollar	(1,076,878)	-	-	-	(1,076,878)
	<u>(2,137,184)</u>	<u>301,984</u>	<u>112,331</u>	<u>935,831</u>	<u>(787,038)</u>
At 31st December 2011					
Sterling	-	(37,568)	(68,020)	(568,734)	(674,322)
Euro	(952,748)	-	-	-	(952,748)
US dollar	(893,898)	-	-	-	(893,898)
	<u>(1,846,646)</u>	<u>(37,568)</u>	<u>(68,020)</u>	<u>(568,734)</u>	<u>(2,520,968)</u>

Risk sensitivity

A change in interest rates of 1% in any of the three currencies invested or borrowed will not affect the income statement by a figure greater or less than £10,000 (2011 - £10,000).

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £100,000 (2011 - £100,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £50,000 (2011 - £50,000).

These amounts are estimates. Actual results in the future may differ materially from these due to development in the global financial markets which may cause fluctuations in interest and exchange rates to vary. The amounts stated above should not be considered a projection of likely future events and losses.

Borrowing facilities

The group has the following undrawn committed borrowing facilities:

	2012 £	2011 £
Expiring in one year or less	<u>426,992</u>	<u>662,181</u>

These facilities are for the purposes of working capital flexibility and are reviewed annually.

Group bank loans and overdrafts and invoice discounting facilities have been secured by a fixed and floating charge over certain assets of certain group companies.



Notes to the accounts continued

Foreign currency risk

Foreign exchange risk arises because the group has operations located in various parts of the world whose functional currency is not the same as the group's primary functional currency (sterling). Although its global market penetration arguably reduces the group's risk in that it has diversified into several markets, the net assets from such overseas operations is exposed to currency risk giving rise to gains or losses on re-translation into sterling. Only in exceptional circumstances will the group consider hedging its net investments in overseas operations as generally it does not consider that the cash flow risk created from such hedging techniques warrants the reduction in volatility in consolidated net assets.

Foreign exchange risk also arises when individual group operations enter into transactions denominated in a currency other than their functional currency. It is group policy that all such transactions should be hedged locally by entering into forward contracts with group treasury. Where it is considered the risk to the group is significant, group treasury will enter into a matching forward contract with a reputable bank.

It is group policy that transactions between group entities are always denominated in the selling group entity's functional currency thereby giving rise to foreign exchange risk in the income statement of both the purchasing group entity and the group. Although the purchasing group entity might hedge this exposure with group treasury, no external hedge is entered into at group level as there is no exposure to consolidated net assets from intra-group transactions.

Liquidity risk

The liquidity risk of each group entity is managed centrally by the group treasury function. Each operation has a facility with group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board

annually in advance, enabling the group's cash requirements to be anticipated. Where facilities of group entities need to be increased, approval must be sought from the group finance director. Where the amount of the facility is above a certain level agreement of the board is needed.

All surplus cash is held centrally to maximize the returns on deposits through economics of scale. The type of cash instrument used and its maturity date will depend on the group's forecast cash requirements. The group maintains a draw down facility with a major banking corporation to manage any unexpected short-term cash shortfalls.

Interest rate risk

The group finances its operations through a mixture of retained profit, bank borrowings and finance lease arrangements. The group borrows at floating rates and has hedging products in place to provide fixed interest payments for a proportion of its debt over a specified period. This enables the group to forecast borrowing costs with a degree of certainty.

Credit risk

The group is mainly exposed to credit risk from credit sales. It is group policy, implemented locally, to insure sales when insurance cover is available.

Quantative disclosures have been made in note 10.

The group does not enter into complex derivatives to manage credit risk.

Capital risk

The group's objective when maintaining capital, being the share capital and capital reserves, is to safeguard the group's ability to continue as a going concern so that it is able to provide returns for shareholders and benefits for other stakeholders.



Notes to the accounts continued

16. EARNINGS PER SHARE AND DIVIDENDS

Both the basic and diluted earnings per share have been calculated using the net results attributable to shareholders of T.F. & J.H. Braime (Holdings) P.L.C. as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 1,440,000 shares (2011 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid

	2012	2011
	£	£
Equity shares		
Ordinary shares		
Interim of 5.40p (2011 – 4.80p) per share paid on 2nd April 2012	25,920	23,040
Interim of 2.40p (2011 – 2.40p) per share paid on 10th October 2012	11,520	11,520
	<u>37,440</u>	<u>34,560</u>
'A' Ordinary shares		
Interim of 5.40p (2011 – 4.80p) per share paid on 2nd April 2012	51,840	46,080
Interim of 2.40p (2011 – 2.40p) per share paid on 10th October 2012	23,040	23,040
	<u>74,880</u>	<u>69,120</u>
Total dividends paid	<u>112,320</u>	<u>103,680</u>

An interim dividend of 5.40p per Ordinary and 'A' Ordinary share has been paid on 4th April 2013.

17. PENSION COSTS

17.1 The company operates a funded defined benefit pension scheme, Braime Pressings Limited Retirement Benefits Scheme, which provides benefits based on final pensionable pay on behalf of certain companies in the T.F. & J.H. Braime (Holdings) P.L.C. group. The assets of the scheme are held separately from those of the group, being predominantly invested with an insurance company. The scheme is funded to cover future pension liabilities.

17.2 A qualified actuary determines the contributions payable to the scheme. The most recent actuarial valuation was conducted at 6th April 2010. The market value of scheme assets at 6th April 2010 was £5,162,000. The funding level at 6th April 2010 was 99% on an ongoing basis.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised within the consolidated statement of comprehensive income.

17.3 The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the scheme's holdings of these instruments. AA corporate bond yields are used in the valuation of the scheme's annuity policies held with Zurich Assurance Limited.



Notes to the accounts continued

17.4 The amounts recognised in the balance sheet are as follows:

	Note	2012 £	2011 £
Fair value of plan assets	17.7	6,328,000	5,691,000
Present value of funded obligations	17.6	(6,295,000)	(5,648,000)
Surplus		33,000	43,000
Adjustment in respect of minimum funding requirement		(33,000)	(43,000)
Net asset		<u>-</u>	<u>-</u>

17.5 The amounts recognised in the consolidated income statement are as follows:

	Note	2012 £	2011 £
Current service cost		95,000	104,000
Past service cost		-	(68,000)
Total included in employee benefits expense	6	95,000	36,000
Interest cost	4	261,000	263,000
Expected return on plan assets	4	(279,000)	(270,000)
Total amounts recognised in the consolidated income statement		<u>77,000</u>	<u>29,000</u>

17.6 Changes in the present value of the defined benefit obligation are as follows:

	2012 £	2011 £
Opening defined benefit obligation	5,648,000	4,902,000
Current service cost	95,000	104,000
Contributions by plan participants	18,000	9,000
Past service cost	-	(68,000)
Interest cost	261,000	263,000
Benefits paid	(300,000)	(113,000)
Actuarial gains	573,000	551,000
Closing defined benefit obligation	<u>6,295,000</u>	<u>5,648,000</u>

17.7 Changes in the fair value of plan assets are as follows:

	2012 £	2011 £
Opening fair value of plan assets	5,691,000	4,914,000
Expected return on plan assets	279,000	270,000
Actuarial gains	566,000	501,000
Benefits paid	(300,000)	(113,000)
Employer contribution	74,000	110,000
Contributions by plan participants	18,000	9,000
Closing fair value of plan assets	<u>6,328,000</u>	<u>5,691,000</u>



Notes to the accounts continued

17.8 Analysis of fair value of plan assets between asset categories is as follows:

	2012	2011
	£	£
Annuities	2,563,000	1,598,000
Bonds	965,000	1,110,000
Cash	30,000	6,000
Insurance policies	2,770,000	2,977,000
Total	<u>6,328,000</u>	<u>5,691,000</u>

17.9 The actual return on plan assets is as follows:

	2012	2011
	£	£
Actual return on plan assets	<u>845,000</u>	<u>771,000</u>

17.10 Amount recognised in the statement of comprehensive income is as follows:

	2012	2011
	£	£
Actuarial losses	(7,000)	(50,000)
Adjustment in respect of minimum funding requirement	10,000	(31,000)
Total amount recognised in statement of comprehensive income	<u>3,000</u>	<u>(81,000)</u>

17.11 Cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income is as follows:

	2012	2011
	£	£
Actuarial gains	<u>271,000</u>	<u>268,000</u>

17.12 Amounts for the current period and previous periods are as follows:

	2012	2011	2010	2009	2008
	£,000	£,000	£,000	£,000	£,000
Present value of funded obligations	(6,295)	(5,648)	(4,902)	(4,218)	(3,440)
Fair value of plan assets	6,328	5,691	4,914	4,367	3,580
Surplus	33	43	12	149	140
Experience (losses)/gains on plan liabilities	-	(29)	(184)	(69)	(16)
Changes in assumptions used to value scheme liabilities	(573)	(522)	(237)	(446)	329
Experience gains/(losses) on plan assets	566	501	253	591	(253)



Notes to the accounts continued

17.13 Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2012	2011	2010	2009	2008
Discount rate	4.10%	4.70%	5.40%	5.70%	6.20%
Salary increase	4.10%	4.20%	4.70%	4.70%	4.20%
Inflation	3.10%	3.20%	3.70%	3.70%	3.20%
Expected return on plan assets	4.10%	5.00%	5.50%	5.60%	5.60%
Post retirement mortality table	120%	120%	120%	120%	120%
	PNXA00	PNXA00	PNXA00	PNXA00	PNXA00
	YoU mc	YoU mc	YoU mc	YoU mc	YoU mc
	min	min	min	min	min
	1.0%	1.0%	1.0%	1.0%	1.0%

17.14 The employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is £19,000.

17.15 The amounts recognised in the balance sheet are as follows:

	2012	2011
	£	£
Net asset at start of period	-	-
Pension cost	(77,000)	(29,000)
Employer contribution	74,000	110,000
Actuarial gains recognised in SoCI	(7,000)	(50,000)
Adjustment in respect of minimum funding requirement	10,000	(31,000)
Net asset at end of period	-	-

18. OPERATING LEASES

The group has entered into commercial leases on certain properties, motor vehicles and items of plant and equipment. As the balance sheet date, the group had outstanding commitments for minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2012	2011
	£	£
Expiring:		
Not later than one year	447	2,520
Later than one year and not later than five years	153,906	133,288
	<u>154,353</u>	<u>135,808</u>

Operating lease commitments on land and buildings include a significant commitment of £114,116 by the group in respect of property in Morton, Illinois. This lease was entered into by the group in 2011 for an initial term of five years, with an option for two further renewal periods, each with a term of five years.



Notes to the accounts continued

19. NOTES SUPPORTING CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents	2012	2011
	£	£
Cash at bank and in hand	1,576,283	1,746,464
Bank overdrafts	642,492	1,485,757
	<u>933,791</u>	<u>260,707</u>

Cash and cash equivalents held by the group that are not available for use total £300,064 (2011 - £1,065,064).

Major non-cash transaction

During the year the group acquired tangible assets subject to finance of £340,816 (2011 - £281,170) under hire purchase agreements.

20. CAPITAL COMMITMENTS

There were capital commitments of £nil (2011 - £150,000) which are contracted but not provided for in these financial statements.

21. RELATED PARTY TRANSACTIONS

The key management of the company are considered to be only the directors of the company.

Key management compensation is disclosed in the directors' remuneration report.



Company balance sheet

at 31st December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	2		-		177,397
Investments	3		<u>344,695</u>		<u>350,703</u>
			344,695		528,100
Current assets					
Debtors: due within one year	4	7,279		-	
Debtors: due after more than one year	5	3,671,052		3,498,455	
Cash at bank and in hand		<u>618,290</u>		<u>532,546</u>	
		4,296,621		4,031,001	
Creditors: amounts falling due within one year	6		<u>278,932</u>	<u>346,570</u>	
Net current assets			4,017,689		3,684,431
Total assets less current liabilities			4,362,384		4,212,531
Creditors: amounts falling due after more than one year	7		<u>1,463,201</u>	<u>1,345,929</u>	
			<u>2,899,183</u>	<u>2,866,602</u>	
Capital and reserves					
Called up share capital	8		360,000		360,000
Profit and loss account	9		<u>2,539,183</u>		<u>2,506,602</u>
Shareholders' funds	10		<u>2,899,183</u>		<u>2,866,602</u>

This financial statement was approved and authorised for issue by the board of directors on 11th April 2013 and signed on its behalf by:

O. N. A. Braime, Director

M. L. Mills, Director



Notes to the accounts

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

1.2 Depreciation

Tangible fixed assets

Depreciation is provided on tangible fixed assets, other than freehold land which is not depreciated, at rates calculated to write off the cost over their estimated useful lives using the following percentages:

Land and buildings – 25 years

1.3 Deferred tax

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 the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

1.4 Dividends

Equity dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, they are recognised when paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

1.5 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

1.6 Financial instruments

Disclosures required under FRS 29 have not been separately provided in addition to those already given in note 15 to the group financial statements as they are also relevant to the position of the company as permitted under FRS 29.

1.7 Profit for the financial period

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The company's profit for the year was £144,901 (2011 – £438,102).

1.8 Value of investments

Investments held as fixed assets are stated at cost less any provision for impairment.



Notes to the accounts continued

2. TANGIBLE FIXED ASSETS	Freehold property
	£
Property cost	
At 1st January 2012	377,406
Disposals	(377,406)
At 31st December 2012	<u>-</u>
Depreciation	
At 1st January 2012	200,009
Charged in the year	10,480
Disposals	(210,489)
At 31st December 2012	<u>-</u>
Net book value	
At 31st December 2012	<u>-</u>
At 31st December 2011	<u>177,397</u>

3. INVESTMENTS

Subsidiary undertakings	2012	2011
	£	£
Shares at cost at 1st January 2012	350,703	355,181
Currency adjustment	(6,008)	(4,478)
	<u>344,695</u>	<u>350,703</u>

Proportion of shares held 2012 and 2011

Subsidiary	Principal activity	Ordinary Shares	Preference Shares
i Registered in and operating from England: Braime Pressings Limited	Manufacture of metal presswork	100%	100%
Braime Elevator Components Limited	Distribution of bulk material handling components	100%	-
ii Registered in England and operating from the USA: 4B Elevator Components Limited	Distribution of bulk material handling components	100%	-
iii Incorporated in and operating from France: Sarl S.E.T.E.M.	Distribution of bulk material handling components	100%	-



Notes to the accounts continued

Subsidiary	Principal activity	Proportion of shares held 2012 and 2011	
		Ordinary Shares	Preference Shares
iv Incorporated in and operating from Thailand: 4B Asia Pacific Company Limited	Distribution of bulk material handling components	48%	-
v Incorporated in and operating from South Africa: 4B Africa Elevator Components (Pty) Limited	Distribution of bulk material handling components	100%	-
vi Incorporated in and operating from Australia: 4B Australia Pty Limited	Distribution of bulk material handling components	100%	-

The value of this investment included in the accounts is the cost translated at the sterling/currency rate at 31st December 2012.

4. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR

	2012	2011
	£	£
Other taxes	3,029	-
Prepayments	4,250	-
	<u>7,279</u>	<u>-</u>

5. DEBTORS: AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Amount owed by a subsidiary company	<u>3,671,052</u>	<u>3,498,455</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loans and overdrafts	265,481	325,236
Other taxes and social security costs	-	60
Other creditors	-	163
Accruals	13,451	21,111
	<u>278,932</u>	<u>346,570</u>

Cross guarantees exist in respect of all group company bank borrowings. At 31st December 2012 the borrowings guaranteed by the company amounted to £nil (2011 - £737,044).



Notes to the accounts continued

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Irredeemable Preference shares	180,000	180,000
Amount owed to subsidiary companies	1,283,201	1,165,929
	<u>1,463,201</u>	<u>1,345,929</u>

The amounts owed to subsidiary companies are repayable between one and two years.

8. SHARE CAPITAL

	2012	2011
	£	£
Authorised:		
480,000 Ordinary shares of 25p each	120,000	120,000
1,200,000 'A' Ordinary shares of 25p each	300,000	300,000
	<u>420,000</u>	<u>420,000</u>
Allotted, called up and fully paid:		
480,000 Ordinary shares of 25p each	120,000	120,000
960,000 'A' Ordinary shares of 25p each	240,000	240,000
	<u>360,000</u>	<u>360,000</u>

The rate of dividend of the 5% Cumulative Preference shares is 5% plus the associated tax credit. On a return of capital on a winding-up, the holders shall be entitled to £1.125 per share together with any arrears of preference dividend due to the date of return. Holders of these shares are only entitled to vote at meetings if the preference dividend remains unpaid for six months after any date fixed for payment or where resolutions are proposed which affect their rights or which increase the company's borrowing powers. In these events the 5% Cumulative Preference shareholders would be entitled to one vote per share.

The 'A' Ordinary shares rank *pari passu* in all respects with Ordinary shares except that the holders of 'A' Ordinary shares are not entitled to vote at general meetings. Holders of Ordinary shares are entitled to one vote for every four shares held.

On a return of capital on a winding-up, the holders of Ordinary and 'A' Ordinary shares shall be entitled to the residue of profits after distribution of the amount due to the 5% Cumulative Preference shareholders. The residue shall be distributed in proportion to the amounts paid up on the shares.



Notes to the accounts continued

9. RESERVES

	£
Profit and loss reserve	
Balance at 1st January 2012	2,506,602
Retained profit for the year	144,901
Dividends paid	<u>(112,320)</u>
Balance at 31st December 2012	<u>2,539,183</u>

10. RECONCILIATION IN MOVEMENT IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the year	144,901	438,102
Dividend paid	<u>(112,320)</u>	<u>(103,680)</u>
Net movement in shareholders' funds	32,581	334,422
Opening shareholders' funds	<u>2,866,602</u>	<u>2,532,180</u>
Closing shareholders' funds	<u>2,899,183</u>	<u>2,866,602</u>

11. EMPLOYEES

	2012	2011
	No.	No.
Office and management	<u>6</u>	<u>6</u>
	£	£
Directors' remuneration		
Emoluments for qualifying service	<u>30,450</u>	<u>27,700</u>

Further details of directors' remuneration are included in the remuneration report.



Five year record

	2012 £,000	2011 £,000	2010 £,000	2009 £,000	2008 £,000
Turnover	21,212	20,068	18,058	15,685	15,174
Profit from operations	659	1,294	1,413	699	576
Profit before tax	678	1,244	1,361	625	527
Profit after tax	427	814	945	387	252
Basic and diluted earnings per share	29.64p	56.53p	65.63p	26.88p	17.47p



T.F. & J.H. BRAIME (HOLDINGS) P.L.C.



T.F. & J.H. BRAIME (HOLDINGS) P.L.C.

