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

report & accounts 2013

CELEBRATING 125 YEARS

1888 – 2013

Contents

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	HSBC, Leeds City Branch, 33 Park Row, Leeds, LS1 1LD.
Stockbrokers	W. H. Ireland, Zurich House, Canal Wharf, Leeds, LS11 5DB.
Company registration number	488001 (England and Wales)

Notice of meeting

Notice is hereby Notice is hereby given that the SIXTY FOURTH Annual General Meeting of the members of T.F. & J.H. BRAIME (HOLDINGS) P.L.C. (the 'company') will be held at the registered office of the company at Hunslet Road, Leeds, LS10 1JZ on 16th May 2014 at 11.45am.

Ordinary Resolutions

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 2013, and the report of the auditors thereon.

2. To confirm the preference dividends paid on 30th June and 31st December 2013 together with the interim dividends on the ordinary and 'A' ordinary shares paid on 9th October 2013 and 4th April 2014.

3. a) To re-appoint as a director C. O. Braime, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

   b) To re-appoint as a director P. J. O. Alcock, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

4. To re-appoint Kirk Newsholme as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual general Meeting of the company at which accounts are laid.

5. To authorise the directors to fix the remuneration of the auditors.

Special Resolutions

6. THAT, with immediate effect:

6.1 The Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

6.2 the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification (the 'New Articles') be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company (the "Current Articles").

7. THAT, subject to and conditional upon the sanction of a majority of the holders of the preference shares of the company in accordance with Article 23.2 of the New Articles, the borrowing powers of the directors of the company be increased from one times the 'Adjusted Capital and Reserves' (as defined in the New Articles) to two times the 'Adjusted Capital and Reserves' by amending the New Articles so that the word 'one' in Article 23.2 of the New Articles is deleted and replaced with the word 'two'.

An explanation of the resolutions to be proposed at the meeting is included on page 59 of these accounts.

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

27th March 2014

Notice of meeting continued

ACCOMPANYING 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. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice.

2. To be valid, the form of proxy must be received at the company's registered office at Hunslet Road, Leeds LS10 1JZ by no later than 11:45 am on 14th May 2014.

3. The return of a completed Form of Proxy will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. 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 and holders of the 'A' Ordinary shares are entitled to attend, but not to vote at this meeting.

5. There will be available for inspection at the registered office during the company's usual business hours (Saturdays, Sundays and public holidays excluded) 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 2013 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.

   The service contract of each executive director, where applicable and the letter of appointment of each non-executive director.

   The proposed new Articles of Association of the Company and a copy of the existing Articles of Association.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting 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.

   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 14th May 2014. 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 the group

Sales revenue increased in 2013 by 8.2% to £23.0 million, this improvement was seen evenly across both the metal presswork and material handling divisions. Profit from operations increased by 63.3% to £1.1 million. The principal reasons to this overall improvement were the controls over sales margins and careful monitoring of overhead expenses. Profit before tax increased by 49.0% to £1.0 million, this improvement was against a comparative which included a one off gain on the disposal of a property. Finance costs remained in line year on year despite the group increasing its net borrowings to finance key asset acquisitions during the period. Further commentary on the group's performance is provided in the group strategic report.

In view of this year's encouraging performance, the board has approved the payment, on 4th April 2014, of a second interim dividend of 6.20p (increased from 5.40p in 2013), making a total dividend for the tax year ending 5th April 2014 of 8.60p, compared to 7.80p in the previous year.

The board remains firmly committed to progressive increases in the dividend when justified by profitability and after taking into account the cash flow requirements of the group.

Group highlights

A number of significant steps were taken in 2013 which greatly strengthened the long term future of the group.

The transfer of our banking arrangements to HSBC was completed in February and has both reduced finance costs and strengthened our financial position.

As a result, the company was able to purchase our new, much larger, office and distribution facility in Morton, Illinois. This purchase was successfully completed in time to benefit from the 'roll over' tax relief from the sale of our previous US premises in 2012.

A new ERP system was successfully implemented in our US and Australian business. As the group platform is rolled out around the group, we gain improved visibility, a reduction in IT costs and enhanced internal controls through the standardisation of processes.

4B USA also purchased the trade and assets of a US based manufacturing business. This has enabled the 4B division to strengthen its manufacturing capabilities.

Braime Pressings acquired £441,000 of plant and machinery which will significantly increase manufacturing capacity, much of it to produce product already coming on schedule. We also purchased two spray painting lines to widen our portfolio of services offered to customers.

125th anniversary

In 2013, we proudly celebrated the 125th anniversary of the company which was started in Hunslet, Leeds, in 1888 by T.F, (Tom Braime) who was later joined by his brother, J.H (Harry Braime). This culminated in a dinner dance for employees, customers and suppliers, which was held in the historic canteen, and was a very special event.

The past and the future of the business are based on the success of the partnership of these three groups and on the support of all our shareholders. The directors thank all of them for their continuing loyalty.

Employees

I am also delighted that in 2013, we were able to increase the number of our employees across the group, but particularly in Leeds. In difficult economic times we are pleased to be able to improve their long term job security. We are also proud to employ apprentices in our Leeds manufacturing business and hope these individuals will have a long and successful career in the group.

Chairman's statement continued

Outlook

The result in 2013, while below our long term objective, was positive when viewed against the weakness of economies worldwide. Additionally, the group successfully implemented some major projects and important investments, which have greatly strengthened the group.

Almost the entire sales of Braime Pressings are indirect exports to European markets. Additionally a very high proportion of the sales of the 4B division are sold directly to either Europe or to other export markets, so we are very dependent on the global economy. While the USA and the UK are now out of recession, other economies in Asia and, more particularly in Europe, remain very weak. To this situation, has been added political instability in the Middle East and now in Eastern Europe, Russia and its former satellite states. So these factors have to temper any over optimism.

Nevertheless, we believe that the group can build on the big strides it made in 2013 and make further progress in 2014.

Update of the company's constitution

The current articles of the company were adopted more than 60 years ago with relatively minor alterations in the intervening years. Many of the provisions are now either obsolete or out of kilter with market practice.

It is proposed as part of this year's Annual General Meeting, details of which are to be found in the Notice of meeting and the explanatory notes, to update the current articles and certain provisions therein. The main driver behind this is to take into account changes in English company law brought about by the Companies Act 2006 and several other developments in English law and market practice since the last time the current articles were reviewed.

The board is very proud of the company's long standing heritage and the values that this heritage has instilled. The modernisation of the articles allows the company to move forward with these values yet allows us to operate more effectively in the modern business environment.

The directors consider that all of the resolutions to be proposed at the AGM are in the best interests of the company and its shareholders as a whole and unanimously recommend that shareholders vote in favour of all of the resolutions, as the directors intend to do in respect of their own beneficial holdings.

O. N. A. Braime

27th March 2014

Group strategic report

Principal activities and risks and uncertainties

The group comprises of two core segments; manufacture of deep drawn metal presswork, and the distribution of material handling components and monitoring equipment.

The metal presswork segment operates across several industries including the automotive sector. The market remains challenging due to pricing pressures throughout the supply chain. The achievement and retention of the TS16949 quality standard is important to the group as it allows us to access growing markets. If lost, this would adversely impact both existing and new business activity. A process of continual improvement in systems, process and review reduce this risk. Long term supply agreements are made with major customers. The company is exposed to medium to long term fluctuations in steel prices. In order to mitigate this volatility, the company fixes its prices with suppliers where possible.

The material handling components subsidiaries trade from six countries and export to over 50 countries. The division maintains its competitive edge in a price sensitive market through the provision of engineering expertise and by working closely with our suppliers to supply innovative components of the highest standard. In addition, ranges of complementary products are sold into different industries. These monitoring systems are developed and improved on a regular basis.

Exposure to customer credit risk is managed through a variety of methods; credit insurance, credit checking and the setting and monitoring of appropriate credit limits.

The group has a centralised treasury function which, through the use of forward contracts, hedges against foreign exchange differences arising on cash flows in currencies that differ to the operational entity's reporting currency.

The centralised treasury function also controls the group banking facilities, including all lines of funding. Liquidity risk is managed through the matching of short and long term funding to the needs of the business. Medium and long term cash flow projections are prepared and regularly monitored.

Further information on the group's financial liabilities and exposures are set out in note 16.

Our business model

The focus of the manufacturing business is to produce quality, technically demanding components. Using automated equipment this allows us to produce in high volumes, yet it also provides flexibility.

The material handling components business is located around the globe allowing us to be close to our core markets. The focus is to provide innovative solutions drawing on our expertise and broad product range.

The two segments are very different serving different markets, however together they add strength and balance to the group.

Performance of Braime Pressings Limited, manufacturer of deep drawn metal presswork

Sales of existing components increased and new work, that had been previously delayed, began to come on stream, and the result has improved significantly. In the middle of the year, the company made a substantial investment in plant. The installation of part of this investment has been completed and delivery of parts produced down these automated cells has already commenced.

Further new work has been won in 2014 and is scheduled to start in the next two months. The profitability of this company is forecast to improve further in the second half of this year.

Group strategic report continued

The company has employed a new specialist maintenance manager, with considerable experience in the automotive sector. As well as being tasked to both install new plant and improve our level of preventative maintenance, he has begun major improvements aimed at improving our working environment and reducing our energy bills.

Performance of the 4B division, world wide distributor of components and monitoring systems for the material handling industry

The division continued to benefit from the year on year increase in sales and the profitability of our US subsidiary, 4B Components Limited. The relocation of 4B Components into a new and much larger facility will enable the continuing growth of this business, while the purchase of the trade and assets of a component manufacturer has helped to simplify our supply chain and enhance our manufacturing expertise.

Our UK based subsidiary, Braime Elevator Components Limited, had a successful year, particularly in export markets. The two newer subsidiaries in Australia and South Africa had reasonable years, although their results, once translated, were affected by the steep fall in the value of their local currencies.

In contrast our French subsidiary, 4B Setem, had a disappointing year due to the ongoing recession in Europe.

Taxation

The effective rate of tax is 25.6% (2012 - 37.1%). The reduction in the year is in part due to credits in relation to previous years. The effective rate is above the standard UK tax rate of 23.0% (2012 - 24.0%) due to the higher rates of tax incurred by the overseas subsidiaries.

Capital expenditure

Total capital expenditure on land and buildings and plant, machinery and equipment amounted to £2.2 million. The largest element of this was the purchase of the US facility for £1.3 million. Expenditure in the manufacturing business amounted to £441,000 and related to the expansion of the production capacity and range. Expenditure in the 4B division was £489,000 and primarily related to investments in manufacturing capacity and improvements to IT hardware and infrastructure.

Cash flow

Cash generated from operations was £938,000 (2012 - £1.9 million). Working capital requirements increased to support the higher activity levels with a marginal net increase in debtors compared to creditors but, more specifically, by an increase in inventory levels. The investment in new fixed assets in 2013, including our new US office and distribution facility, plant machinery and vehicles, together totalled £2.2 million (2012 - £825,000). The company financed these investments by way of long term loans amounting to £1.1 million and by cash generated from operating activities. The group also repaid £142,000 of short term borrowings and repaid hire purchase borrowings of £241,000. At the year end the group held net cash of £76,000 (2012 - £934,000).

Group strategic report continued

Bank facilities

The group's operating banking facilities are renewed annually. The new arrangements with HSBC provide significant headroom to the group and have allowed us to make key strategic investments in the year.

Balance sheet

Net assets of the group have increased to £6.7 million (2012 - £6.2 million). This increase is due to the strong profit performance in the year. A foreign exchange loss of £200,000 (2012 - £58,000) was recorded on the re-translation of the net assets of the overseas operations. The movement in the year was primarily due to the strengthening of pound sterling against the South African rand and the Australian dollar.

Key performance indicators

The group uses certain key performance indicators to assess the performance of the group as a whole and of the individual business. These financial KPIs comprise turnover growth, product margins and operating net profit as demonstrated in note 3 in the financial statements. Key balance sheet indicators such as inventory levels, inventory aging, stock turnover and debtor days are monitored monthly for both the group and individual entities.

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 has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Employees

The quality and commitment of our people has 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.

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.

O. N. A. Braime, Director

27th March 2014

Directors' report

The directors present their annual report and financial statements for the year ended 31st December 2013.

RESULTS AND DIVIDENDS

The profit for the year after taxation and transferred to reserves was £752,066 (2012 – £426,875).
No dividend is to be proposed at the Annual General Meeting.

DIRECTORS

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

	31st December 2013	1st January 2013
O. N. A. Braime		
Preference shares	**100**	100
Ordinary shares	**143,400**	143,400
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**	400

In accordance with the company's Articles of Association C. O. Braime and P. J. O. Alcock retire by rotation and, being eligible offer themselves for re-election.

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 27th March 2014, 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	71,000	14.79
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 group strategic report on pages 8 to 10. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the group strategic report on pages 8 to 10. In addition, note 16 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.

Signs of economic recovery in many of the geographic areas in which the group operates are being seen. However the fragile nature of the recovery creates uncertainty over the level of future demand for the group's products and services. The exchange rate between sterling, the US dollar and the euro and the price of raw materials provides further uncertainty.

Primarily as a consequence of increased sales activity, the investment in fixed assets and the repayment of long term borrowings, the net cash figure has reduced during 2013 from £933,791 to £76,282. The purchase of the US property amounted to £1,274,526 and was financed by a $1.35m term loan with the balance of $550,000 paid from the group's own cash resources. By taking up the option to purchase the property, previously leased by our US entity, the group has reduced property costs and provided a sound basis on which the US business can continue to grow. At 31st December 2013, the available headroom within the group's borrowing facilities amounted to £1,103,079. The directors are of the continued view that, after consolidating the group's banking arrangements, access to financial resources has improved.

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

Directors' report continued

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
- 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:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) 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.

SUBSCRIPTIONS AND DONATIONS

Charitable donations amounting to £3,125 (2012 - £2,403) were paid during the year. There were no donations to political organisations.

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

27th March 2014

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 2015.

The renewal of Mr. A. W. Walker's service 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 2013 £**	Total 2012 £	**Pension contributions 2013 £**	Pension contributions 2012 £
Executive directors							
O. N .A. Braime	150	164,413	3,243	**167,806**	156,585	**2,236**	2,236
D. H. Brown	-	-	-	**-**	29,398	**-**	1,169
A. Q. Braime	150	70,634	1,053	**71,837**	61,590	**6,347**	5,119
C. O. Braime	150	70,649	531	**71,330**	60,980	**6,348**	5,120
M. L. Mills	50	84,122	1,359	**85,531**	20,682	**6,738**	1,225
Non-executive directors							
P. J. O. Alcock	17,281	-	-	**17,281**	15,125	**-**	-
A. W. Walker	17,281	-	-	**17,281**	15,125	**-**	-
	35,062	389,818	6,186	**431,066**	359,485	**21,669**	14,869
Paid by the company	34,562			**34,562**	30,450		

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

Pension benefits

Benefits under the defined benefits scheme are as follows:

	Normal Retirement	Accrued Pension £	Pension Input Amount £
O. N. A. Braime	65	71,750	24,514

Approval

The directors' remuneration report was approved by the board on 27th March 2014.

M. L. Mills, 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 2013 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 13 and 14, 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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.

Independent auditors' report continued

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

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.

27th March 2014

Consolidated income statement
for the year ended 31st December 2013

	Note	2013 £	2012 £
Revenue		**22,953,805**	21,211,887
Changes in inventories of finished goods and work in progress		**311,144**	(23,484)
Raw materials and consumables used		**(12,942,829)**	(11,849,425)
Employee benefits costs	6	**(5,021,454)**	(4,587,039)
Depreciation expense		**(520,945)**	(464,539)
Other expenses		**(3,704,402)**	(3,628,799)
Profit from operations	2	**1,075,319**	658,601
Profit on disposal of tangible fixed assets		**32,551**	100,435
Finance costs	4	**(100,967)**	(101,541)
Finance income	4	**3,330**	20,726
Profit before tax		**1,010,233**	678,221
Tax expense	5	**(258,167)**	(251,346)
Profit for the year attributable to equity shareholders of the parent company		**752,066**	426,875
Basic and diluted earnings per share	17	**52.23p**	29.64p

Consolidated statement of comprehensive income
for the year ended 31st December 2013

	Note	2013 £	2012 £
Profit for the year		**752,066**	426,875
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on post employment benefits	18	**6,000**	(7,000)
Adjustment in respect of minimum funding requirement per IFRIC14	18	**25,000**	10,000
Items that may be reclassified subsequently to profit or loss			
Foreign exchange losses on re-translation of overseas operations		**(199,729)**	(57,608)
Other comprehensive income for the year		**(168,729)**	(54,608)
Total comprehensive income for the year		**583,337**	372,267

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

In line with the requirements of IAS19, 'Employee benefits' the pension scheme asset is no longer recognised.

The notes on pages 23 to 51 form part of these financial statements

Consolidated balance sheet
at 31st December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Assets					
Non-current assets					
Property, plant and equipment	7	**3,119,378**		1,504,575	
Goodwill		**12,270**		12,270	
Total non-current assets			**3,131,648**		1,516,845
Current assets					
Inventories	9	**4,819,200**		4,387,303	
Trade and other receivables	10	**3,948,734**		3,219,715	
Cash and cash equivalents		**567,226**		1,576,283	
Total current assets			**9,335,160**		9,183,301
Total assets			**12,466,808**		10,700,146
Liabilities					
Current liabilities					
Bank overdraft		**490,944**		642,492	
Trade and other payables	11	**3,146,004**		2,478,283	
Other financial liabilities	12	**828,414**		863,922	
Corporation tax liability		**43,494**		-	
Total current liabilities			**4,508,856**		3,984,697
Non-current liabilities					
Financial liabilities	13	**1,170,923**		515,437	
Deferred income tax liability	14	**116,000**		-	
Total non-current liabilities			**1,286,923**		515,437
Total liabilities			**5,795,779**		4,500,134
Total net assets			**6,671,029**		6,200,012
Capital and reserves attributable to equity holders of the parent company					
Share capital	15		**360,000**		360,000
Capital reserve			**77,319**		77,319
Foreign exchange reserve			**77,422**		277,151
Retained earnings			**6,156,288**		5,485,542
Total equity			**6,671,029**		6,200,012

The financial statements on pages 19 to 51 were approved and authorised for issue by the board of directors on 27th March 2014 and were signed on its behalf by:

O. N. A. Braime, Director

M. L. Mills, Director

Company Registration Number 488001

The notes on pages 23 to 51 form part of these financial statements

Consolidated cash flow statement
for the year ended 31st December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Operating activities					
Net profit			**752,066**		426,875
Adjustments for:					
Depreciation	7	**520,945**		464,539	
Grants amortised		**(1,656)**		(1,656)	
Non-cash operating charges		**56,000**		-	
Foreign exchange losses		**(186,189)**		(53,182)	
Finance income	4	**(3,330)**		(20,726)	
Finance expense	4	**100,967**		101,541	
Gain on sale of land and buildings, plant, machinery and motor vehicles		**(32,551)**		(100,435)	
Adjustment in respect of defined benefits scheme		**34,000**		21,000	
Income tax expense	5	**258,167**		251,346	
			746,353		662,427
Operating profit before changes in working capital and provisions			**1,498,419**		1,089,302
(Increase)/decrease in trade and other receivables		**(718,157)**		363,898	
(Increase)/decrease in inventories		**(431,897)**		14,430	
Increase in trade and other payables		**590,038**		444,808	
			(560,016)		823,136
Cash generated from operations			**938,403**		1,912,438
Income taxes paid			**(109,535)**		(441,784)
Investing activities					
Purchases of property, plant, machinery and motor vehicles		**(2,205,287)**		(483,734)	
Sale of land and buildings, plant, machinery and motor vehicles		**32,551**		378,440	
Interest received		**330**		2,726	
			(2,172,406)		(102,568)
Financing activities					
Proceeds from long term borrowings		**1,081,989**		-	
Repayment of borrowings		**(141,574)**		(247,065)	
Repayment of hire purchase creditors		**(241,099)**		(234,076)	
Interest paid		**(100,967)**		(101,541)	
Dividends paid		**(112,320)**		(112,320)	
			486,029		(695,002)
(Decrease)/increase in cash and cash equivalents			**(857,509)**		673,084
Cash and cash equivalents, beginning of period			**933,791**		260,707
Cash and cash equivalents, end of period	20		**76,282**		933,791

The notes on pages 23 to 51 form part of these financial statements

Consolidated statement of changes in equity

for the year ended 31st December 2013

	Note	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
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						
Remeasurement losses recognised directly in equity	18	-	-	-	(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 IFRIC14	18	-	-	-	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	17	-	-	-	(112,320)	(112,320)
Total transactions with owners		-	-	-	(112,320)	(112,320)
Balance at 1st January 2013		**360,000**	**77,319**	**277,151**	**5,485,542**	**6,200,012**
Comprehensive income						
Profit		**-**	**-**	**-**	**752,066**	**752,066**
Other comprehensive income						
Remeasurement gain recognised directly in equity	18	**-**	**-**	**-**	**6,000**	**6,000**
Foreign exchange losses on re-translation of overseas operations		**-**	**-**	**(199,729)**	**-**	**(199,729)**
Adjustment in respect of minimum funding requirement per IFRIC14	18	**-**	**-**	**-**	**25,000**	**25,000**
Total other comprehensive income		**-**	**-**	**(199,729)**	**31,000**	**(168,729)**
Total comprehensive income				**(199,729)**	**783,066**	**583,337**
Transactions with owners						
Dividends	17	**-**	**-**	**-**	**(112,320)**	**(112,320)**
Total transactions with owners		**-**	**-**	**-**	**(112,320)**	**(112,320)**
Balance at 31st December 2013		**360,000**	**77,319**	**77,422**	**6,156,288**	**6,671,029**

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 27th March 2014

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 52 to 57.

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 18). 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 2013.

- IFRS 13, 'Fair value measurement'; effective on or after 1st January 2013.
- IFRS 7, 'Offsetting financial assets and financial liabilities' (amendments); effective on or after 1st January 2013.
- IFRS 11, 'Joint arrangement', superseding IAS 31 and SIC-13; 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.

The impact of these new and amended IFRS's has not had a material impact on these financial statements.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January 2013 and not early adopted.

- IFRS 9, 'Financial instruments'.
- IFRS 10, 'Consolidated financial statements'; effective on or after 1st January 2014.
- IFRS 12, 'Disclosure of interests in other entities'; effective on or after 1st January 2014.
- IAS 27, 'Separate financial statements'; effective on or after 1st January 2014.
- IAS 28, 'Investments in associates and joint ventures'; effective on or after 1st January 2014.
- IAS 32, 'Offsetting financial assets and financial liabilities' (amendments); effective on or after 1st January 2014.

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 acquireee 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, other loans, 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. No adjustment is made for the fair value of forward currency contracts where such adjustment is clearly not material to the results presented in the financial statements (note 16)

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.

Notes to the accounts continued

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.

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.

Remeasurement 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 certain 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 can be summarised as follows:

- Land and buildings – 50 years
- 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	**2013**	2012
		£	£
This has been arrived at after charging/(crediting):			
Staff costs	6	**5,021,454**	4,587,039
Depreciation	7	**520,945**	464,539
Foreign exchange differences		**(45,322)**	37,422
Research and development costs		**191,200**	132,817
Write-down of inventory to net realisable value		**152,362**	31,093
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		**26,000**	25,000
• other services pursuant to legislation		**3,000**	3,000
Profit on disposal of fixed assets		**(32,551)**	(100,435)
Operating lease payments		**39,280**	25,732

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 2013.

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 2013 £	Manufacturing 2013 £	Distribution 2013 £	Total 2013 £
Revenue				
External	-	3,010,216	19,943,589	22,953,805
Inter company	74,866	2,976,179	3,422,562	6,473,607
Total	74,866	5,986,395	23,366,151	29,427,412
Profit				
EBITDA	(40,251)	387,263	1,249,252	1,596,264
Gain on sale of tangible fixed assets	-	20,239	12,312	32,551
Finance costs	(24,848)	(40,703)	(35,416)	(100,967)
Finance income	201	3,000	129	3,330
Depreciation	(3,675)	(343,184)	(174,086)	(520,945)
Tax expense	(15,690)	250,339	(492,816)	(258,167)
(Loss)/profit for the period	(84,263)	276,954	559,375	752,066
Assets				
Total assets	1,283,313	2,329,357	8,854,138	12,466,808
Additions to non current assets	1,274,526	441,571	489,190	2,205,287
Liabilities				
Total liabilities	395,378	1,541,182	3,859,219	5,795,779

Notes to the accounts continued

	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	51,390	6,331,524	20,520,141	26,903,055
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	45,322	(107,944)	489,497	426,875
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	1,670,920	2,370,341	4,500,134

Geographical analysis

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

	Revenue 2013 £,000	**Non-current assets 2013 £,000**	Revenue 2012 £,000	Non-current assets 2012 £,000
UK	**5,284**	**1,277**	4,889	1,183
Europe	**6,219**	**60**	6,112	70
Americas	**9,101**	**1,716**	7,981	160
Africa	**1,364**	**42**	1,196	50
Asia	**320**	**-**	390	-
Australasia	**666**	**24**	644	42
	22,954	**3,119**	21,212	1,505

There is one group customer which accounts for more than 10% of the group's revenues.

Notes to the accounts continued

4. FINANCE INCOME AND EXPENSE

	Note	2013 £	2013 £	2012 £	2012 £
Finance expense					
Bank borrowings		64,963		68,104	
Hire purchase interest		27,004		24,437	
Preference share dividend		9,000		9,000	
			100,967		101,541
Finance income					
Bank interest received		330		2,726	
Other finance income	18.6	3,000		18,000	
			3,330		20,726
			(97,637)		(80,815)

5. TAX EXPENSE

	2013 £	2013 £	2012 £	2012 £
Current tax expense				
UK corporation tax				
UK tax expense on profits for the year	43,494		-	
Prior year adjustment	3,485		-	
		46,979		-
Foreign corporation tax				
Foreign tax expense on profits for the year	137,289		251,346	
Prior year adjustment	(42,101)		-	
		95,188		251,346
Current tax charge		142,167		251,346
Deferred tax – origination and reversal of timing differences		116,000		-
Total tax charge		258,167		251,346

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

	2013	2012
	£	£
Profit before tax	**1,010,233**	678,221
Expected tax charge based on the standard rate of corporation tax in the UK of 23.25% (2012 – 24.50%)	**234,845**	166,144
Expenses not deductible for tax purposes	**36,933**	3,303
Income not taxable	**(385)**	(406)
Tax credits on research and development	**(25,198)**	(23,887)
Capital allowances for the period in excess of depreciation	**(39,422)**	-
Profit on property disposed not taxable	**-**	(23,036)
Deferred tax asset not recognised	**-**	14,807
Foreign tax	**(11,813)**	118,689
Utilisation of tax losses	**(25,030)**	-
Other differences	**9,065**	(3,484)
Movement in short term timing differences	**2,213**	-
Prior year adjustment	**(38,616)**	-
Rate differences	**(425)**	(784)
	142,167	251,346

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 £34,000, £9,000 and £(2,000) respectively (2012 - £64,000, £61,000 and £(8,000)) calculated at a rate of 20% (2012 – 23%). 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	2013	2012
		No.	No.
Office and management		**69**	68
Manufacturing		**56**	50
		125	118
Staff costs (including directors) comprise:		**£**	£
Wages and salaries		**4,402,922**	3,991,163
Defined contribution pension cost		**84,021**	74,813
Defined benefit pension cost	18.6	**112,000**	95,000
Other long-term employee benefits		**6,230**	4,988
Ex-gratia pensions		**16,520**	17,137
Employer's national insurance contributions and similar taxes		**486,477**	486,052
		5,108,170	4,669,153
Included in other expenses		**(86,716)**	(82,114)
		5,021,454	4,587,039
Directors' remuneration:			
Emoluments of qualifying services		**431,066**	359,485
Company pension contributions to money purchase schemes		**21,669**	14,869
		452,735	374,354

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 (2012 – 4) and under defined benefit pension schemes amounted to 1 (2012 – 1). 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 2013			
Cost	**1,509,049**	**6,517,110**	**8,026,159**
Accumulated depreciation	**78,209**	**4,828,572**	**4,906,781**
Net book value	**1,430,840**	**1,688,538**	**3,119,378**
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	215,297	1,289,278	1,504,575
Year ended 31st December 2013			
Opening net book value	**215,297**	**1,289,278**	**1,504,575**
Additions	**1,274,526**	**930,761**	**2,205,287**
Transfer to operating charges	**(56,000)**	**-**	**(56,000)**
Depreciation	**(3,675)**	**(517,270)**	**(520,945)**
Exchange differences	**692**	**(14,231)**	**(13,539)**
Closing net book value	**1,430,840**	**1,688,538**	**3,119,378**
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	215,297	1,289,278	1,504,575

The net book value of tangible fixed assets includes an amount of £331,853 (2012 - £585,737) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £233,661 (2012 - £236,741).

The total cost of non-depreciable assets included in freehold land and buildings was £174,412 (2012 - £nil).

Notes to the accounts continued

8. SUBSIDIARIES

		Proportion of shares held 2013 and 2012	
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%	-
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

	2013	2012
	£	£
Raw materials	**520,793**	388,743
Work in progress	**31,541**	50,299
Finished goods	**4,265,465**	3,935,562
Goods in transit	**1,401**	12,699
	4,819,200	4,387,303

During the twelve months ended 31st December 2013 the group recognised a charge of finished goods inventories of £152,362 (2012 – £31,093) to reflect the ageing of certain stock items.

Notes to the accounts continued

10. TRADE AND OTHER RECEIVABLES

	2013	2012
	£	£
Trade debtors	**3,456,289**	2,982,859
Other debtors	**252,039**	135,277
Prepayments	**240,406**	101,579
	3,948,734	3,219,715

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

	2013	2012
	£	£
Trade creditors	**2,195,408**	1,777,479
Other taxes and social security costs	**217,019**	139,190
Other creditors	**185,457**	100,538
Accruals	**548,120**	461,076
	3,146,004	2,478,283

12. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	2013	2012
		£	£
Bank loans - secured	13	**126,216**	5,075
Hire purchase		**156,873**	235,839
Other creditors		**545,325**	623,008
		828,414	863,922

An analysis of the interest rate payable on financial liabilities and information about fair values is given in note 16.

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.

Notes to the accounts continued

13. FINANCIAL LIABILITIES – NON-CURRENT

	Note	2013	2012
		£	£
Irredeemable Preference shares	15	**180,000**	180,000
Bank loans – secured		**865,871**	46,596
Hire purchase		**115,172**	277,305
Government grants		**9,880**	11,536
		1,170,923	515,437

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

	2013	2012
	£	£
In one year or less, or on demand	**156,873**	235,839
In more than one year but not more than five years	**115,172**	277,305
	272,045	513,144

Obligations under bank loan agreements comprise amounts payable as follows:

	2013	2012
	£	£
Within one year	**126,216**	5,075
One to two years	**124,994**	5,230
Two to five years	**368,633**	16,676
Over five years	**372,244**	24,690
	992,087	51,671

Terms and conditions of outstanding loans were as follows:

	Interest Rate	Year of maturity	2013	2012
	%		£	£
US dollar bank loan	**4.25% fixed**	2018	**185,092**	-
US dollar unsecured bank loan	**3.00% fixed**	2022	**46,263**	51,761
US dollar term loan	**2.25% over LIBOR**	2023	**760,732**	-

The 4.25% fixed US dollar bank loan is secured on specific plant and equipment held by 4B Elevator Components Limited. The US dollar term loan forms part of the group funding arrangements. The loan is secured by a fixed and floating charge over certain assets of certain group companies.

Notes to the accounts continued

14. DEFERRED INCOME TAX LIABILITY

	Note	**2013**	2012
		£	£
Accelerated capital allowances in excess of depreciation		**116,000**	-

	Deferred tax
	£
Balance at 1st January 2013	**-**
Charged to income statement during the year	**116,000**
Balance at 31st December 2013	**116,000**

Deferred tax has been recognised at a rate of 40% on accelerated capital allowances utilised in the year in 4B Elevator Components Limited.

15. SHARE CAPITAL

	2013	2012
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
	420,000	420,000
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
	360,000	360,000

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

16. 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 £2,452 (2012 - £787,038) 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 fixed interest term loans and foreign currency forward contracts.

Forward contracts

Forward currency contracts of £485,980 were outstanding at 31st December 2013 covering periods from 10th January 2014 to 31st March 2014 (31st December 2012 - £211,933). The fair value of the forward currency contracts is £2,594 (2012 - £3,546).

Fixed interest term loans

As at 31st December 2013 fixed interest rate term loans amounted to £185,092 and £46,263 (see note 13). The directors are of the opinion that the fair value of these fixed interest rate loans is not materially different to their stated carrying values.

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 £18,619 (2012 - £28,362), the interest due on finance lease and hire purchase agreements after one year but not more than five years totals £14,463 (2012 - £33,084). Likewise the interest due on bank loans repayable within one year totals £30,752 (2012 - £1,493), the interest due on bank loans repayable after one year but not more than five years totals £80,652 (2012 - £4,384), and the interest due on bank loans repayable after more than five years totals £25,404 (2012 - £1,604).

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 2013			
Sterling	**33,683**	**-**	**33,683**
Euro	**184,357**	**-**	**184,357**
US dollar	**226,369**	**-**	**226,369**
Other	**118,945**	**-**	**118,945**
	563,354	**-**	**563,354**
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
	1,330,914	300,064	1,630,978

In the prior year the fixed rate financial assets comprised of a sterling cash deposit on the money market at 1 month rates. The weighted average period for which they were fixed was 1 month and the weighted average fixed rate was 0.25%.

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 2013			
Sterling	**684,052**	**435,232**	**1,119,284**
Euro	**244,908**	**-**	**244,908**
US dollar	**99,663**	**992,087**	**1,091,750**
Other	**-**	**16,812**	**16,812**
	1,028,623	**1,444,131**	**2,472,754**
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
	1,320,199	744,815	2,065,014

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 2013					
Sterling	**-**	**48,346**	**150,169**	**1,203,951**	**1,402,466**
Euro	**(1,080,232)**	**-**	**-**	**-**	**(1,080,232)**
US dollar	**(304,651)**	**(20,035)**	**-**	**-**	**(324,686)**
	(1,384,883)	**28,311**	**150,169**	**1,203,951**	**(2,452)**
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)
	(2,137,184)	301,984	112,331	935,831	(787,038)

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 £20,000 (2012 - £10,000).

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £50,000 (2012 - £100,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £40,000 (2012 - £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:

	2013 £	2012 £
Expiring in one year or less	**1,103,079**	426,992

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 is it 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

17. 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 (2012 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid

	2013	2012
Equity shares	£	£
Ordinary shares		
Interim of 5.40p (2012 – 5.40p) per share paid on 4th April 2013	**25,920**	25,920
Interim of 2.40p (2012 – 2.40p) per share paid on 9th October 2013	**11,520**	11,520
	37,440	37,440
'A' Ordinary shares		
Interim of 5.40p (2012 – 5.40p) per share paid on 4th April 2013	**51,840**	51,840
Interim of 2.40p (2012 – 2.40p) per share paid on 9th October 2013	**23,040**	23,040
	74,880	74,880
Total dividends paid	**112,320**	112,320

An interim dividend of 6.20p per Ordinary and 'A' Ordinary share will be paid on 4th April 2014.

Notes to the accounts continued

18. PENSION COSTS

18.1 The company operates a funded defined benefit pension scheme, Braime Pressings Limited Retirement Benefits Scheme, which provides benefits based on final salary and length of service on retirement, leaving service or death 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.

IAS19, 'Employee benefits' (amendments) (see note 1.4) is effective for the current accounting period. The directors have taken the decision, on grounds of materiality, not to re-state the comparatives in the consolidated income statement, the consolidated statement of comprehensive income and the associated notes below.

18.2 The scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. 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.

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

18.3 The scheme exposes the company to a number of risks:

- Investment risk. The scheme holds investments in asset classes, which have volatile market values and while these assets are expected to provide the real returns over the long-term the short-term volatility can cause additional funding to be required if deficit emerges.
- Interest rate risk. The scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the scheme holds assets such as gilts or annuity policies the value of the assets and liabilities may not move in the same way.
- Inflation risk. A significant proportion of the benefits under the scheme are linked to inflation. Although the sheme's assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging.
- Mortality risk. In the event that members live longer than assumed a deficit will emerge in the scheme.

There were no plan amendments, curtailments or settlements during the period.

18.4 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

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

	Note	2013	2012
		£	£
Fair value of plan assets	18.8	**6,513,000**	6,328,000
Present value of funded obligations	18.7	**(6,505,000)**	(6,295,000)
Surplus		**8,000**	33,000
Adjustment in respect of minimum funding requirement		**(8,000)**	(33,000)
Net asset		**-**	-

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

	Note	2013	2012
		£	£
Current service cost		**112,000**	95,000
Total included in employee benefits expense	6	**112,000**	95,000
Interest on liabilities		**256,000**	261,000
Interest on assets		**(259,000)**	(279,000)
	4	**(3,000)**	(18,000)
Total amounts recognised in the consolidated income statement		**109,000**	77,000

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

	2013	2012
	£	£
Opening defined benefit obligation	**6,295,000**	5,648,000
Current service cost	**112,000**	95,000
Contributions by plan participants	**17,000**	18,000
Interest cost	**256,000**	261,000
Benefits paid	**(118,000)**	(300,000)
Actuarial gains	**-**	573,000
Experience gains on liabilities	**(45,000)**	-
Remeasurement gain from changes to demographic assumptions	**106,000**	-
Remeasurement loss from change to financial assumptions	**(118,000)**	-
Closing defined benefit obligation	**6,505,000**	6,295,000

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

	2013	2012
	£	£
Opening fair value of plan assets	**6,328,000**	5,691,000
Interest on assets	**259,000**	279,000
Return on scheme assets in excess of interest	**(51,000)**	566,000
Benefits paid	**(118,000)**	(300,000)
Employer contribution	**78,000**	74,000
Contributions by plan participants	**17,000**	18,000
Closing fair value of plan assets	**6,513,000**	6,328,000

Notes to the accounts continued

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

	2013	2012
	£	£
Annuities	**2,472,000**	2,563,000
Bonds	**1,003,000**	965,000
Cash	**87,000**	30,000
Insurance policies	**2,951,000**	2,770,000
Total	**6,513,000**	6,328,000

There have been no material movements in the scheme's asset values from the period of 31st December 2012 to 31st December 2013.

The assets do not include any investment in shares of the company.

18.10 The actual return on plan assets is as follows:

	2013	2012
	£	£
Actual return on plan assets	**208,000**	845,000

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

	2013	2012
	£	£
Actuarial gains/(losses)	**-**	(7,000)
Loss on scheme assets in excess of interest	**(51,000)**	-
Experience gains on liabilities	**45,000**	-
Remeasurement loss from changes to demographic assumptions	**(106,000)**	-
Remeasurement gain from changes to financial assumptions	**118,000**	-
Adjustment in respect of minimum funding requirement	**25,000**	10,000
Total amount recognised in statement of comprehensive income	**31,000**	3,000

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

	2013	2012
	£	£
Remeasurement gains	**263,000**	271,000

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

	2013	2012	2011	2010	2009
	£ ,000	£,000	£,000	£,000	£,000
Present value of funded obligations	(6,505)	(6,295)	(5,648)	(4,902)	(4,218)
Fair value of plan assets	6,513	6,328	5,691	4,914	4,367
Surplus	8	33	43	12	149
Experience gains/(losses) on plan liabilities	45	-	(29)	(184)	(69)
Losses from changes to demographic assumptions	(106)	-	-	-	-
Changes in assumptions used to value scheme liabilities	118	(573)	(522)	(237)	(446)
(Losses)/gains on scheme assets in excess of interest	(51)	566	501	253	591

Notes to the accounts continued

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

	2013	2012	2011	2010	2009
Discount rate	4.40%	4.10%	4.70%	5.40%	5.70%
Salary increase	4.70%	4.10%	4.20%	4.70%	4.70%
Inflation	3.70%	3.10%	3.20%	3,70%	3.70%
Expected return on plan assets	5.00%	4.10%	5.00%	5.50%	5.60%
Post retirement mortality table	120% PNA00 YoU mc min 1.0%	120% PNXA00 YoU mc min 1.0%	120% PNXA00 YoU mc min 1.0%	120% PNXA00 YoU mc min 1.0%	120% PNXA00 YoU mc min 1.0%

18.15 In the event that the actuarial valuation reveals a larger deficit than expected the company may be required to increase contributions above those set out in the existing schedule of contributions. Conversely, if the position is better than expected contributions may be reduced.

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 £81,000.

The weighted average duration of the defined benefit obligation is approximately 16.5 years.

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

	Note	**2013**	2012
		£	£
Net asset at start of period		**-**	-
Pension cost	18.6	**(109,000)**	(77,000)
Employer contributions		**78,000**	74,000
Remeasurement gain/(loss) recognised in the Statement of Comprehensive Income		**6,000**	(7,000)
Adjustment in respect of minimum funding requirement		**25,000**	10,000
Net asset at end of period		**-**	-

Notes to the accounts continued

18.17 Sensitivity of the value placed on the surplus (before minimum funding requirement adjustment)

Adjustments to assumptions	Approximate effect on surplus £
Discount rate	
Plus 0.50%	97,000
Minus 0.50%	(111,000)
Inflation	
Plus 0.50%	(184,000)
Minus 0.50%	180,000
Salary increase	
Plus 0.50%	(61,000)
Minus 0.50%	58,000
Life expectancy	
Plus 1.0 years	(8,000)
Minus 1.0 years	11,000
% With-profit deferred annuities converted on retirement using guaranteed annuity rates	
Plus 10.00%	199,000
Minus 10.00%	(199,000)

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

The sensitivity analysis shown above was determined using the same method as per the calculation of liabilities for the balance sheet disclosures, but using assumptions adjusted as detailed above.

19. OPERATING LEASES

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

	2013	2012
	£	£
Expiring:		
Not later than one year	**5,276**	447
Later than one year and not later than five years	**51,156**	153,906
	56,432	154,353

Notes to the accounts continued

20. NOTES SUPPORTING CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents	**2013**	2012
	£	£
Cash at bank and in hand	**567,226**	1,576,283
Bank overdrafts	**490,944**	642,492
	76,282	933,791

Major non-cash transaction

During the year the group did not acquire any tangible assets subject to finance (2012 - £340,816) under hire purchase agreements.

21. CAPITAL COMMITMENTS

There were no capital commitments (2012 - £nil) which are contracted but not provided for in these financial statements.

22. 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 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	2		**1,270,851**		-
Investments	3		**344,695**		344,695
			1,615,546		344,695
Current assets					
Debtors: due within one year	4	**5,672**		7,279	
Debtors: due after more than one year	5	**3,043,624**		3,671,052	
Cash at bank and in hand		**6,790**		618,290	
		3,056,086		4,296,621	
Creditors: amounts falling due within one year	6	**214,685**		278,932	
Net current assets			**2,841,401**		4,017,689
Total assets less current liabilities			**4,456,947**		4,362,384
Creditors: amounts falling due after more than one year	7		**1,254,347**		1,463,201
			3,202,600		2,899,183
Capital and reserves					
Called up share capital	8		**360,000**		360,000
Profit and loss account	9		**2,842,600**		2,539,183
Shareholders' funds	10		**3,202,600**		2,899,183

This financial statement was approved and authorised for issue by the board of directors on 27th March 2014 and signed on its behalf by:

A. Q. 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 – 50 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 16 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 £415,737 (2012 – £144,901).

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

	Land and buildings £
Cost	
At 1st January 2013	-
Additions	1,274,526
Disposals	-
At 31st December 2013	1,274,526
Depreciation	
At 1st January 2013	-
Provided for in the year	3,675
Disposals	-
At 31st December 2013	3,675
Net book value	
At 31st December 2013	1,270,851
At 31st December 2012	-

The total cost of non-depreciable assets included in land and buildings was £174,412 (2012 - £nil).

3. INVESTMENTS

Subsidiary undertakings	**2013 £**	2012 £
Shares at cost at 1st January 2013	**344,695**	350,703
Currency adjustment	**-**	(6,008)
	344,695	344,695

Subsidiary	**Principal activity**	**Proportion of shares held 2013 and 2012 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 2013 and 2012: Ordinary Shares	Proportion of shares held 2013 and 2012: 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%	-

4. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR

	2013	2012
	£	£
Other taxes	**4,197**	3,029
Prepayments	**1,475**	4,250
	5,672	7,279

5. DEBTORS: AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

	2013	2012
	£	£
Amount owed by a subsidiary company	**3,043,624**	3,671,052

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Bank loans and overdrafts	**189,619**	265,481
Other taxes and social security costs	**-**	-
Other creditors	**-**	-
Accruals	**25,066**	13,451
	214,685	278,932

Cross guarantees exist in respect of all group company bank borrowings. At 31st December 2013 the borrowings guaranteed by the company amounted to £1,003,342 (2012 - £nil).

Notes to the accounts continued

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

	2013	2012
	£	£
Irredeemable Preference shares	180,000	180,000
Amount owed to subsidiary companies	1,074,347	1,283,201
	1,254,347	1,463,201

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

8. SHARE CAPITAL

	2013	2012
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
	420,000	420,000
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
	360,000	360,000

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 2013	**2,539,183**
Retained profit for the year	**415,737**
Dividends paid	**(112,320)**
Balance at 31st December 2013	**2,842,600**

10. RECONCILIATION IN MOVEMENT IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Profit for the year	**415,737**	144,901
Dividend paid	**(112,320)**	(112,320)
Net movement in shareholders' funds	**303,417**	32,581
Opening shareholders' funds	**2,899,183**	2,866,602
Closing shareholders' funds	**3,202,600**	2,899,183

11. EMPLOYEES

	2013	2012
	Number	Number
Office and management	**6**	6

	£	£
Directors' remuneration		
Emoluments for qualifying service	**34,562**	30,450

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

Five year record

	2013 £,000	2012 £,000	2011 £,000	2010 £,000	2009 £,000
Turnover	22,954	21,212	20,068	18,058	15,685
Profit from operations	1,075	659	1,294	1,413	699
Profit before tax	1,010	678	1,244	1,361	625
Profit after tax	752	427	814	945	387
Basic and diluted earnings per share	52.23p	29.64p	56.53p	65.63p	26.88p

Explanatory notes of resolutions

The following notes give an explanation of the proposed resolutions. Resolutions 1 to 5 inclusive are proposed as Ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 6 and 7 are proposed as Special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

The directors consider that all of the resolutions to be proposed at the AGM are in the best interests of the company and its shareholders as a whole and unanimously recommend that shareholders vote in favour of all of the resolutions, as the directors intend to do in respect of their own beneficial holdings.

BUSINESS TO BE TRANSACTED AT THE AGM

Details of the resolutions which are to be proposed at the AGM are set out below.

Ordinary resolutions

1. To receive and adopt the report and accounts
The directors are required to present the accounts for the year ended 31st December 2013 to the meeting.

2. Confirmation of dividends
To confirm the preference dividends of 2.50p per share paid on 30th June and 31st December 2013 together with the interim dividend on the ordinary and 'A' ordinary shares of 2.40p per share paid on 9th October 2013 and 6.20p per share paid on 4th April 2014.

3. Re-appointment of directors
The Articles of Association of the company require the nearest number to one third of the directors to retire at each Annual General Meeting. Accordingly, C. O. Braime and P. J. O. Alcock are retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election.

4-5. Re-appointment of auditors
The company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. The resolution proposes the reappointment of the company's existing auditors, Kirk Newsholme, and authorises the directors to agree their remuneration.

Special resolutions

6. Adoption of new Articles of Association
The directors are also asking shareholders to approve the adoption of new Articles of Association (the '**New Articles**'), primarily to take account of changes in English company law brought about by the Companies Act 2006. An explanation of the main differences between the company's current Articles of Association and the proposed New Articles is set out in the Explanatory notes of principal changes to the company's Articles of Association. Other differences, which are of a minor, technical or clarifying nature, have not been noted.

A copy of the New Articles is available for inspection, as noted on page 5 of this document, and is available on the company's website at www.braimegroup.com. Resolution 6 in the Notice of Annual General Meeting, which will be proposed as a special resolution, seeks the approval of shareholders to the adoption of the New Articles.

7. Increase of borrowing powers
This resolution seeks, subject to the sanction of a majority of the holders of the preference shares of the company in accordance with Article 23.2 of the New Articles, to increase the borrowing powers of the directors of the company from one times the 'Adjusted Capital and Reserves' (as defined in the New Articles) to two times the 'Adjusted Capital and Reserves'.

The directors believe that the existing borrowing headroom, associated with the borrowing powers as currently stated, are sufficient within which to operate for the foreseeable future. The directors currently have no plans to increase borrowings. However, the existing borrowing powers are not in line with the market and in the event of a strategic opportunity arising , the company may be unduly restricted.

Explanatory notes of principal changes to the Company's Articles of Association

It is proposed in resolution 6 to adopt the New Articles in order to update and replace the Current Articles primarily to take account of changes in English company law brought about by the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in this explanatory note. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in this Explanatory note.

It is worth noting, for the avoidance of doubt, that the New Articles preserve the existing rights of the ordinary shares, the 'A' ordinary shares and the preference shares of the company; the provisions in the New Articles relating to the rights attached to the different classes of shares mirror exactly the relevant provisions in the Current Articles.

The proposed New Articles are available for inspection, as noted on page 5 of this document, and are available on the company's website at www.braimegroup.com.

1. THE COMPANY'S OBJECTS

The provisions regulating the operations of the company are currently set out in the company's Memorandum and Articles of Association. The company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of the original subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum are now deemed to be contained in a company's articles of association unless the company passes a special resolution to the contrary.

Further, the Companies Act 2006 states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. The company is proposing to remove its objects clause together with all other provisions of its Memorandum which, by virtue of the Companies Act 2006, are now treated as forming part of the Company's Articles of Association to allow it to have the widest possible scope for its activities. Resolution 6 confirms the removal of these provisions for the company. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. AUTHORISED SHARE CAPITAL AND UNISSUED SHARES

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital. A consequence of resolution 6.1 would be the removal of this limitation from the company's constitution and the New Articles reflect this. The directors will still be limited as to the number of shares they can at any time allot because an allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

3. REDEEMABLE SHARES

Previously, if a company wished to issue redeemable shares, it needed to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

4. AUTHORITY TO CONSOLIDATE AND SUB-DIVIDE SHARES AND REDUCE SHARE CAPITAL

Under Companies Act 1948, a company required specific enabling provisions in its articles to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include

Explanatory notes of principal changes to the Company's Articles of Association continued

these enabling provisions. Under the Companies Act 2006, however, a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have not been included in the New Articles.

5. GENERAL MEETINGS

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular, all meetings other than the company's Annual General Meeting will be classed simply as general meetings. Also, a general meeting to consider a special resolution can now be convened on 14 clear days' notice, whereas previously 21 clear days was required.

The Current Articles specify that the quorum for a general meeting is either three or five members personally present depending on the business to be transacted at the meeting. The New Articles provide that the quorum is two members present in person or by proxy or by representative (irrespective of the business being transacted at the meeting); this is in line with the Companies Act 2006.

The New Articles provide, in addition, for general meetings to be held by teleconference, by video conference or by any other electronic means.

6. VOTES OF MEMBERS

The Companies Act 2006 entitles proxies to speak at an Annual General Meeting. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed. The New Articles reflect these new provisions.

7. ELECTRONIC AND WEB COMMUNICATIONS

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with shareholders by electronic and/or website communications. The New Articles allow communications to shareholders in electronic form and, in addition, they permit the company to take advantage of the new provisions relating to website communications. Before the company can communicate with a shareholder by means of website communication, the relevant shareholder must be asked individually by the company to agree that the company may send or supply documents or information to him by means of a website, and the company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The company will notify the shareholder (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a shareholder can always request a hard copy version of the document or information.

8. REQUIREMENT FOR DIRECTORS TO HOLD SHARES

The Current Articles provide that in order to qualify as a director of the company, a person must hold shares of a specified value in the company. Although such requirements were historically common, it is now relatively unusual for a publicly quoted company to have a share qualification requirement for directors. The existence of such a requirement could in future affect the company's ability to attract non-executive directors and the New Articles do not include a share qualification requirement.

9. DIRECTORS' REMUNERATION

The Current Articles provide that the remuneration, by way of fees, of directors of the company not employed by the company is £250 per annum for each director and the remuneration, by way of fees, of directors of the company employed by the company is £50 per annum for each director. The New Articles allow the remuneration, by way of fees, of the directors to be determined by the board, but specify that the aggregate remuneration, by way of fees, of all the directors will not exceed £200,000 per annum unless otherwise approved by ordinary resolution of the company in general meeting. The financial limit is included in the New Articles in recognition of institutional shareholder corporate governance guidelines. It is intended to allow flexibility for the future, but the directors do not expect the introduction of the New Articles to result in any changes to the current levels of the directors' remuneration, individually or in aggregate.

Explanatory notes of principal changes to the Company's Articles of Association continued

10. VACATION OF OFFICE BY DIRECTORS

The current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

The New Articles also delete the provisions relating to Thomas Fletcher Braime, who has, since the Current Articles were adopted, passed away.

11. BORROWING POWERS

It is worth noting, for the avoidance of doubt only, that the New Articles preserve the existing borrowing powers of the directors of the company at one times the 'Adjusted Capital and Reserves' (as defined in the Current Articles and the New Articles).

12. DIRECTORS' CONFLICTS OF INTEREST

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, a director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Companies Act 2006 also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision and, secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

13. PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

14. USE OF SEALS

A company no longer requires authority in its articles to have an official seal for use abroad. Accordingly, the relevant authorisation has not been included in the New Articles.

For consistency with the Companies Act 2006 changes to the execution of documents by companies, the New Articles provide an alternative option for affixing a seal. Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

Explanatory notes of principal changes to the Company's Articles of Association continued

15. SUSPENSION OF REGISTRATION OF SHARE TRANSFERS

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has not been included in the New Articles.

16. GENERAL

Generally, the opportunity has been taken to update the existing provisions to bring them in line with the position set out in the Companies Act 2006. Provisions relating to, for example, the ability of the company to issue shares in uncertificated form and the ability of directors of the company to delegate their powers to committees of the board of directors of the company have either been amended and brought up to date or inserted in the New Articles.

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