



REPORT & ACCOUNTS

# 2014



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



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



<b>Directors</b>	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 (Hons.), MSc, MBA M. L. Mills, ACA
<b>Secretary</b>	M. L. Mills, ACA
<b>Registered office</b>	Hunslet Road, Leeds, LS10 1JZ.
<b>Independent auditors</b>	Kirk Newsholme, Chartered Accountants and Statutory Auditors, 4315 Park Approach, Thorpe Park, Leeds, LS15 8GB.
<b>Bankers</b>	HSBC, Leeds City Branch, 33 Park Row, Leeds, LS1 1LD.
<b>Stockbrokers</b>	W. H. Ireland, Zurich House, Canal Wharf, Leeds, LS11 5DB.
<b>Company registration number</b>	488001 (England and Wales)



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

## Notice of meeting

**Notice is hereby** given that the SIXTY FIFTH 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 Friday 5th June 2015 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 2014, and the report of the auditors thereon.
2. To confirm the Preference dividends paid on 30th June and 19th December 2014 together with the interim dividends on the Ordinary and 'A' Ordinary shares paid on 17th October 2014 and 2nd April 2015.
3. a) To re-appoint as a director O. N. A. 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 A. W. Walker, 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 Resolution

6. THAT, with immediate effect:

The Articles of Association of the Company be amended by the deletion of all provisions that relate to 5 per cent. Cumulative Preference Shares of £1 each, following their cancellation which became effective on 17th December 2014 together with consequential amendments and the revised form of Articles of Association produced to the meeting and signed by the Chairman of the meeting shall be the Articles of Association of the Company to the exclusion of all other versions.

An explanation of the resolution 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

20th April 2015

# 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 3rd June 2015.
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 '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 2014 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 revised Articles of Association of the Company and a copy of the existing Articles of Association.

A copy of the proposed revised Articles of Association of the Company is also available to view on the company's website at [www.braimegroup.com](http://www.braimegroup.com).

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 3rd June 2015. 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

Group sales revenue in 2014 rose by 5.8% to £24.3 million and operating profit by 14.9% to £1.2 million. Profit for the year ending 2014, after tax, increased by 4.0% from £752,000 to £782,000.

After a relatively strong result in the first six months of the year, the result for the second half of the year was disappointing. This was caused by the higher than anticipated operating costs in our manufacturing business and by the negative impact of changes in exchange rates, which reduced the contribution of overseas earnings.

The first interim dividend paid on the 17th October was increased from 2.40p paid in 2013 to 2.90p in 2014, in part reflecting the strong first half performance but principally to restore a better balance between the two dividends paid each year.

In view of the final result for 2014, the directors have approved the payment of the same second interim dividend as last year of 6.20p, making a total dividend, paid in the tax year ending April 2015, of 9.10p, compared to 8.60p in the previous year.

The second interim dividend of 6.20p was paid on 2nd April 2015 to the Ordinary and 'A' Ordinary shareholders on the register as at 27th March 2015.

### Group highlights

The group made further substantial investments in machinery to manufacture parts for the external customers of its manufacturing business. It also made several specific investments in machinery to improve the quality, productivity and lead time of components manufactured for our material handling business. Together, these investments largely completed the recent major investment program in our manufacturing business.

During 2005/6 the company made two unsuccessful attempts to sell its main operating site, located in Leeds, at a price sufficient to cover the cost of relocating the business to a modern purpose built facility. Since then we have invested in machinery at our present site to enable us to meet our customers' requirements. The cost of relocating this plant would now be prohibitive and, given the need to supply our customers on a just in time basis, the relocation of our manufacturing is no longer a viable

option. Accordingly, in 2013 we began a program of investment to totally modernise our infrastructure and in 2014 we carried out further work as outlined in the group strategic report.

In 2014, we made available a loan of £200,000 to a key supplier in order to help them make a major investment which would strengthen their ability to meet our current and future requirements. The loan was secured, made on a commercial basis, and is re-payable within three years.

During the year the group recruited staff to fill a number of important positions. In our manufacturing business, we have both a new maintenance manager and new quality manager. While in our material handling business, we have recruited three key senior staff in technical and sales roles. All these appointments are already having a very positive impact on our business.

The group continues to invest in new products to ensure that we remain at the forefront of technology and so that we can continue to extend our range of products and provide our customers with innovative solutions. A number of new products, finalised in 2014, are planned for launch in 2015.

### Cancellation of Preference shares

The directors decided that the company would cancel the 180,000 £1.00, 5% Preference shares. After receiving more than the necessary 75% approval of the Preference and voting Ordinary shareholders, and after paying the stipulated premium of 12.5% over their par value to the Preference shareholders, the shares were cancelled.

The company drew down a specific loan to provide the money for the cancellation and this offsets the previous value of the Preference shares within our liabilities, so there is minimal effect on our balance sheet. There is a small positive effect on the income statement since the interest on this loan is presently less than the previous cost of the Preference share dividend.

### Modernisation of the company's constitution

The directors decided last year that it was appropriate to bring the articles of the company into line with modern practice and a special resolution accepting these changes in the constitution was passed at

## Chairman's statement continued

the AGM in May 2014. At the forthcoming AGM in June, by way of a proposed special resolution, the articles will once again be subject to a revision to remove all references to, and the rights applicable to, the cancelled Preference shares together with consequential amendments.

Shareholders also approved the passing of a special resolution at the 2014 AGM to approve an increase in the borrowing powers of the directors of the company, subject to the sanction of a majority of the holders of the Preference shares. Since the Preference shares have now been cancelled, the satisfaction of this condition is no longer required and the Articles will be amended to reflect the increased borrowing powers approved at the 2014 AGM.

### Outlook

Group sales revenues for the first quarter of 2015 are above the comparable figure for the same period last year. We hope to have new manufacturing business coming on stream during the year, and, in the material handling sector of our business, we have some exciting new products which we believe will enhance revenue.

A very high proportion of our group sales are made in overseas markets and sold in local currencies, so our result for 2015 will inevitably be affected by movements in exchange rates, in spite of the conscious efforts to match our purchasing and selling currency profiles, in order to mitigate their impact.

Currently the margins on our sales to European markets are being reduced by the fall in the value of the Euro. In contrast, the current strength of the US Dollar is having a positive impact on our margins on products sold in US dollar linked markets. In other areas of the world, we believe that the overall effect of changes in exchange rates will be broadly neutral.

While it is impossible to predict, with any degree of certainty, the overall effect of currency fluctuations, the underlying position of the group remains strong.

### University Technical College

On April 15th 2015, the group exchanged contracts with Leeds Advanced Manufacturing UTC Ltd., (LAM), for the sale of 1.18 acres of land and buildings, (about 25% of the 4.6 acre site) in Hunslet, Leeds

for a price of £855,000, plus a contribution of £295,000 towards associated works. The sale remains conditional upon approval by the buyer of the ground conditions and on the securing of planning consent.

This sale will enable the group to eliminate the costs of maintaining and servicing an area surplus to its needs, provide new funds for the modernisation of its facility in Leeds and make improvements in the operating efficiency of the business.

LAM intends to build a new University Technical College for 600 students, focused on engineering and help them achieve either university entry or placement as apprentices to continue their education while in work.

Given the longstanding twin problems in the UK of high youth unemployment and a serious shortage of people trained and qualified to work in industry, the company fully supports the UTC program.

The funds raised by the sale will be used to strengthen the business, which was founded in Leeds in 1888 and whose group headquarters and principal manufacturing site are still based in the city. The group hopes the creation of a UTC within our iconic heritage building will also benefit the wider community of Leeds and, in particular, inspire people to choose a career in engineering.

### Employees

Our most important resource is the skill and commitment of our employees and we thank them for their contribution. Recruiting people with the ability and enthusiasm we need to continue the growth of the company, in an ever increasingly competitive world, is our biggest challenge. This applies to all the regions where we have subsidiaries but it is a particularly acute problem in the UK.

**O. N. A. Braime, Chairman**

20th April 2015





## 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 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 fifty 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 17.

### 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 revenues increased but the performance of the company deteriorated due to problems and delays in the installation and commissioning of the new plant purchased in the previous year. As a result, there was a marked drop in the anticipated improvements in productivity. It also delayed the new volumes of work that we had anticipated would come on stream in 2014.

At the end of 2014, we also took a decision to make a fundamental change to our historic shift pattern, changing our hours worked by our manufacturing business to 6.00am to 2.00pm and 2.00pm to 10.00pm. This gives us much more flexibility to respond to the demands of our major customers,

# Group strategic report continued

makes it much easier to provide the necessary maintenance and tool room cover and enables us, when necessary, to add a third shift, 10.00pm to 6.00am. The overall result is to substantially increase our production capacity and the volumes of output that we can achieve using the existing machinery.

Since the start of the current year, there has finally been a marked improvement in quality and productivity.

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

Overall the 4B division increased sales revenues and posted healthy results, although final contribution from the overseas subsidiaries was negatively affected by changes in exchange rates towards the end of 2014.

2015 has begun positively across the group and we are engaged in a number of projects which will contribute positively to the outcome for this year.

## **Taxation**

The effective rate of tax is 30.5% (2013 – 25.6%). The effective rate is above the standard UK tax rate of 21.5% (2013 – 23.0%) due to the blending of the different rates of tax applied by each of the countries in which the group operates. In any financial year the rate will depend on the mix of profits made between those countries.

## **Capital expenditure**

In 2014, the group invested £965,000 in plant and equipment, completing our recent substantial investment in new manufacturing machinery. Currently we have minimal commitments for the acquisition of further plant. Our plan for 2015 is to maximise the productivity of our recently acquired equipment.

Included in this plant and equipment figure, is an investment of £135,000 in our manufacturing facility in Leeds on installing new energy efficient LED lighting and in fitting new transformers and switchgear. This provides the manufacturing site with additional power

and flexibility to meet current and future needs. Linked to this, and in order to meet the latest safety standards, £552,000 was spent on the electrical rewiring of the site.

## **Cash flow**

Our debtors increased by £1,045,000 and our stocks also by the relatively small sum of £69,000; both calls on our working capital were balanced by an increase in our creditors of £1,115,000.

The business generated funds from operations of £1,861,000. It invested £1,369,000 in capital expenditure and repaid £443,000 of borrowings.

After the payment of other financial costs and the dividend, the net cash position was negative by £148,000.

## **Bank facilities**

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

## **Balance sheet**

Net assets of the group have increased to £7.4 million (2013 – £6.7 million). This increase is due to the strong profit performance in the year. A foreign exchange gain of £11,000 (2013 – loss of £200,000) was recorded on the re-translation of the net assets of the overseas operations.

## **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. The financial KPIs comprise turnover growth, product and customer 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. The operational KPIs comprise on time delivery achievement, component quality and rejection rates and labour utilisation.



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

## Group strategic report continued

### **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**

20th April 2015



## Directors' report

The directors present their annual report and financial statements for the year ended 31st December 2014.

### RESULTS AND DIVIDENDS

The profit for the year after taxation and transferred to reserves was £782,129 (2013 – £752,066). 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 2014	1st January 2014
<b>O. N. A. Braime</b>		
Preference shares	-	100
Ordinary shares	143,400	143,400
<b>P. J. O. Alcock</b>		
Ordinary shares	1,000	1,000
'A' Ordinary shares	5,000	5,000
<b>A. W. Walker</b>		
Ordinary shares	100	100
'A' Ordinary shares	300	300
<b>A. Q. Braime</b>		
Ordinary shares	35,175	35,175
<b>C. O. Braime</b>		
Ordinary shares	35,175	35,175
<b>M. L. Mills</b>		
'A' Ordinary shares	400	400

In accordance with the company's Articles of Association O. N. A. Braime and A. W. Walker 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.



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

## Directors' report continued

### SUBSTANTIAL SHAREHOLDINGS

The company has been notified that as at 27th March 2015, 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 17 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.

In many of the geographic areas in which the group operates we are seeing growth. However recovery in certain markets, particularly the European market, continue to be fragile in nature, which 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.

The group's net cash figure decreased from an opening figure of £76,282 to an overdrawn position of £148,219 as at 31st December 2014. During the period the group maintained the funding balance on the components of its working capital. The primary reason for the decrease in net cash is the infrastructure expenditure on the Leeds manufacturing site and plant and equipment. At 31st December 2014, the available headroom within the group's borrowing facilities amounted to £932,804. The directors are of the continued view that through its group banking partner it has sufficient access to financial resources.

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

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

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the rules of the London Stock Exchange for companies trading on the AIM.



## Directors' report continued

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 £1,000 (2013 - £3,125) 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

20th April 2015

# 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 2016.

The renewal of Mr. A. W. Walker's service contract is subject to approval of the whole board and was previously 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 £	<b>Total 2014 £</b>	Total 2013 £	Pension contributions <b>2014 £</b>	2013 £
<b>Executive directors</b>							
O. N. A. Braime	-	174,905	3,353	<b>178,258</b>	167,806	<b>2,236</b>	2,236
A. Q. Braime	-	85,043	1,258	<b>86,301</b>	71,837	<b>8,264</b>	6,347
C. O. Braime	-	85,087	826	<b>85,913</b>	71,330	<b>8,264</b>	6,348
M. L. Mills	-	95,809	1,423	<b>97,232</b>	85,531	<b>8,067</b>	6,738
 P. J. O. Alcock	 21,000	 -	 -	 <b>21,000</b>	 17,281	 -	 -
A. W. Walker	21,000	-	-	<b>21,000</b>	17,281	-	-
	<u>42,000</u>	<u>440,844</u>	<u>6,860</u>	<u><b>489,704</b></u>	<u>431,066</u>	<u><b>26,831</b></u>	<u>21,669</u>
 Paid by the company	 <u>42,000</u>			 <u><b>42,000</b></u>	 <u>34,562</u>		

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	<u>74,750</u>	<u>13,462</u>

#### Approval

The directors' remuneration report was approved by the board on 20th April 2015.

**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 2014 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 2014 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.

20th April 2015



## Consolidated income statement for the year ended 31st December 2014

	Note	2014 £	2013 £
<b>Revenue</b>		<b>24,291,700</b>	22,953,805
Changes in inventories of finished goods and work in progress		161,071	311,144
Raw materials and consumables used		(13,535,766)	(12,942,829)
Employee benefits costs	6	(5,309,357)	(5,021,454)
Depreciation expense		(564,244)	(520,945)
Other expenses		(3,807,604)	(3,704,402)
<b>Profit from operations</b>	2	<b>1,235,800</b>	1,075,319
Profit on disposal of tangible fixed assets		2,796	32,551
Finance costs	4	(115,291)	(100,967)
Finance income	4	2,164	3,330
<b>Profit before tax</b>		<b>1,125,469</b>	1,010,233
Tax expense	5	(343,340)	(258,167)
<b>Profit for the year</b>		<b>782,129</b>	752,066
<b>Profit attributable to:</b>			
Owners of the parent		864,011	752,066
Non-controlling interests		(81,882)	-
		<b>782,129</b>	752,066
<b>Basic and diluted earnings per share</b>	18	<b>54.31p</b>	52.23p

## Consolidated statement of comprehensive income for the year ended 31st December 2014

	Note	2014 £	2013 £
Profit for the year		782,129	752,066
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net remeasurement gain on post employment benefits	19.11	44,000	31,000
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange gains/(losses) on re-translation of overseas operations		10,819	(199,729)
Other comprehensive income for the year		54,819	(168,729)
<b>Total comprehensive income for the year</b>		<b>836,948</b>	583,337
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		918,830	583,337
Non-controlling interests		(81,882)	-
		<b>836,948</b>	583,337

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



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

# Consolidated balance sheet

at 31st December 2014

	Note	2014 £	2014 £	2013 £	2013 £
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	4,056,506		3,119,378	
Goodwill		12,270		12,270	
Financial assets	9	101,853		-	
Total non-current assets			4,170,629		3,131,648
<b>Current assets</b>					
Inventories	10	4,888,183		4,819,200	
Trade and other receivables	11	4,911,108		3,948,734	
Financial assets	9	98,147		-	
Cash and cash equivalents		1,357,769		567,226	
Total current assets			11,255,207		9,335,160
<b>Total assets</b>			<b>15,425,836</b>		<b>12,466,808</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Bank overdraft		1,505,988		490,944	
Trade and other payables	12	3,752,594		3,146,004	
Other financial liabilities	13	1,323,095		828,414	
Corporation tax liability		187,054		43,494	
Total current liabilities			6,768,731		4,508,856
<b>Non-current liabilities</b>					
Financial liabilities	14	1,111,045		1,170,923	
Deferred income tax liability	15	191,623		116,000	
Total non-current liabilities			1,302,668		1,286,923
<b>Total liabilities</b>			<b>8,071,399</b>		<b>5,795,779</b>
<b>Total net assets</b>			<b>7,354,437</b>		<b>6,671,029</b>
<b>Capital and reserves attributable to equity holders of the parent company</b>					
Share capital	16		360,000		360,000
Capital reserve			257,319		77,319
Foreign exchange reserve			88,241		77,422
Retained earnings			6,730,759		6,156,288
<b>Total equity attributable to the shareholders of the parent</b>			<b>7,436,319</b>		<b>6,671,029</b>
Non-controlling interests			(81,882)		-
<b>Total equity</b>			<b>7,354,437</b>		<b>6,671,029</b>

The financial statements on pages 19 to 51 were approved and authorised for issue by the board of directors on 20th April 2015 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 2014

	Note	2014 £	2014 £	2013 £	2013 £
<b>Operating activities</b>					
Net profit			782,129		752,066
Adjustments for:					
Depreciation	7	564,244		520,945	
Grants amortised		(1,656)		(1,656)	
Non-cash operating charges		-		56,000	
Foreign exchange gains/(losses)		15,279		(186,189)	
Finance income	4	(2,164)		(3,330)	
Finance expense	4	115,291		100,967	
Gain on sale of land and buildings, plant, machinery and motor vehicles		(2,796)		(32,551)	
Adjustment in respect of defined benefits scheme		46,000		34,000	
Income tax expense	5	343,340		258,167	
			<u>1,077,538</u>		<u>746,353</u>
<b>Operating profit before changes in working capital and provisions</b>			<b>1,859,667</b>		<b>1,498,419</b>
Increase in trade and other receivables		(1,044,846)		(718,157)	
Increase in inventories		(68,983)		(431,897)	
Increase in trade and other payables		1,114,877		590,038	
			<u>1,048</u>		<u>(560,016)</u>
<b>Cash generated from operations</b>			<b>1,860,715</b>		<b>938,403</b>
Income taxes paid			(41,685)		(109,535)
<b>Investing activities</b>					
Purchases of property, plant, machinery and motor vehicles		(1,368,985)		(2,205,287)	
Sale of land and buildings, plant, machinery and motor vehicles		14,540		32,551	
Interest received		164		330	
			<u>(1,354,281)</u>		<u>(2,172,406)</u>
<b>Financing activities</b>					
Proceeds from long term borrowings		200,000		1,081,989	
Loan financing provided		(200,000)		-	
Repayment of borrowings		(272,688)		(141,574)	
Repayment of hire purchase creditors		(170,231)		(241,099)	
Interest paid		(115,291)		(100,967)	
Dividends paid		(131,040)		(112,320)	
			<u>(689,250)</u>		<u>486,029</u>
Decrease in cash and cash equivalents			<u>(224,501)</u>		<u>(857,509)</u>
Cash and cash equivalents, beginning of period			<u>76,282</u>		<u>933,791</u>
<b>Cash and cash equivalents, end of period</b>	21		<u><b>(148,219)</b></u>		<u><b>76,282</b></u>



## Consolidated statement of changes in equity for the year ended 31st December 2014

	Note	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £	Non- Controlling Interests £	Total Equity £
Balance at 1st January 2013		360,000	77,319	277,151	5,485,542	6,200,012	-	6,200,012
<b>Comprehensive income</b>								
Profit		-	-	-	752,066	752,066	-	752,066
<b>Other comprehensive income</b>								
Net remeasurement gain recognised directly in equity	19	-	-	-	31,000	31,000	-	31,000
Foreign exchange losses on re-translation of overseas operations		-	-	(199,729)	-	(199,729)	-	(199,729)
Total other comprehensive income		-	-	(199,729)	31,000	(168,729)	-	(168,729)
Total comprehensive income		-	-	(199,729)	783,066	583,337	-	583,337
<b>Transactions with owners</b>								
Dividends	18	-	-	-	(112,320)	(112,320)	-	(112,320)
Total transactions with owners		-	-	-	(112,320)	(112,320)	-	(112,320)
Balance at 1st January 2014		360,000	77,319	77,422	6,156,288	6,671,029	-	6,671,029
<b>Comprehensive income</b>								
Profit		-	-	-	864,011	864,011	(81,882)	782,129
<b>Other comprehensive income</b>								
Net remeasurement gain recognised directly in equity	19	-	-	-	44,000	44,000	-	44,000
Foreign exchange losses on re-translation of overseas operations		-	-	10,819	-	10,819	-	10,819
Total other comprehensive income		-	-	10,819	44,000	54,819	-	54,819
Total comprehensive income		-	-	10,819	908,011	918,830	(81,882)	836,948
<b>Transactions with owners</b>								
Dividends	18	-	-	-	(131,040)	(131,040)	-	(131,040)
Cancellation of Preference shares		-	180,000	-	(202,500)	(22,500)	-	(22,500)
Total transactions with owners		-	180,000	-	(333,540)	(153,540)	-	(153,540)
Balance at 31st December 2014		360,000	257,319	88,241	6,730,759	7,436,319	(81,882)	7,354,437

The capital reserve arose on the listing of the company's shares on the London Stock Exchange. The movement on the capital reserve during the year relates to the cancellation of the 180,000 5% Cumulative Preference shares at a redemption price of £1.125 per share. The foreign exchange reserve relates to the differences arising on the re-translation of overseas subsidiaries consolidate within the group financial statements. The retained earnings reserve includes the cumulated profit and losses of the group.

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

In respect of the adjustment for non-controlling interests, £39,193 relates to prior periods.

# 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 9th April 2015.

### 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 19). 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 2014.

- IFRS 10, 'Consolidated financial statements'; effective on or after 1st January 2014.
- IFRS 11, 'Joint arrangements'; 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'; effective on or after 1st January 2014.
- Amendments to IFRS's 10 and 12 and IAS 27 'Investment entities'; effective on or after 1st January 2014.

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 2014 and not early adopted.

- IFRS 9, 'Financial instruments'; the effective date is yet to be set.
- IFRS 14, 'Regulatory deferral accounts'; effective on or after 1st January 2016.
- IAS 19, 'Defined benefit plans: Employee contributions'; effective on or after 1st July 2014.
- Annual improvements 2010 – 2012 cycle IFRS2, IFRS3, IFRS8, IFRS13, IAS16, IAS38 and IAS24; effective on or after 1st July 2014.
- Annual improvements 2011 – 2013 cycle IFRS1, IFRS3, IFRS13 and IAS40.
- IFRS 15, 'Revenue from contracts with customers'; effective on or after 1st January 2017.

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 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 substantive are considered when assessing whether the group control 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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.

Non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Where losses are accumulated, all earnings and losses of the subsidiaries are attributed to the parent and the non-controlling interest in proportion to their ownership.

## 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.

Financial assets are recognised when the group enters into a contractual agreement with a third party through an instrument. All interest received is recognised as finance income in the income statement.

### 1.9 Financial liabilities

The group's financial liabilities include bank loans and overdrafts, other loans, trade and other payables, finance leasing liabilities 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 the income statement 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 17).

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.

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



## Notes to the accounts continued

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	2014 £	2013 £
This has been arrived at after charging/(crediting):			
Depreciation	7	<b>564,244</b>	520,945
Foreign exchange differences		<b>16,655</b>	(45,322)
Research and development costs		<b>138,752</b>	191,200
Write-down of inventory to net realisable value		<b>253,081</b>	152,362
Fees payable to the company's auditor:			
• for the audit of the company's annual accounts		<b>5,000</b>	5,000
• the audit of the company's subsidiaries, pursuant to legislation		<b>27,000</b>	26,000
• other services pursuant to legislation		<b>3,000</b>	3,000
Profit on disposal of fixed assets		<b>(2,796)</b>	(32,551)
Operating lease payments		<b>121,343</b>	39,280

# 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 2014.

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 2014 £	Manufacturing 2014 £	Distribution 2014 £	Total 2014 £
<b>Revenue</b>				
External	-	3,621,626	20,670,074	24,291,700
Inter company	113,568	2,761,536	3,743,664	6,618,768
<b>Total</b>	<u>113,568</u>	<u>6,383,162</u>	<u>24,413,738</u>	<u>30,910,468</u>
<b>Profit</b>				
EBITDA	(5,777)	219,116	1,589,501	1,802,840
Finance costs	(27,820)	(46,387)	(41,084)	(115,291)
Finance income	-	2,000	164	2,164
Depreciation	(6,300)	(287,663)	(270,281)	(564,244)
Tax expense	(78,099)	(34,335)	(230,906)	(343,340)
<b>(Loss)/profit for the period</b>	<u>(117,996)</u>	<u>(147,269)</u>	<u>1,047,394</u>	<u>782,129</u>
<b>Assets</b>				
Total assets	1,323,858	4,033,070	10,068,908	15,425,836
Additions to non current assets	-	1,118,171	399,405	1,517,576
<b>Liabilities</b>				
Total liabilities	520,316	2,868,453	4,682,630	8,071,399





## Notes to the accounts continued

	Central 2013 £	Manufacturing 2013 £	Distribution 2013 £	Total 2013 £
<b>Revenue</b>				
External	-	3,010,216	19,943,589	22,953,805
Inter company	74,866	2,976,179	3,422,562	6,473,607
<b>Total</b>	<u>74,866</u>	<u>5,986,395</u>	<u>23,366,151</u>	<u>29,427,412</u>
<b>Profit</b>				
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)
<b>(Loss)/profit for the period</b>	<u>(84,263)</u>	<u>276,954</u>	<u>559,375</u>	<u>752,066</u>
<b>Assets</b>				
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
<b>Liabilities</b>				
Total liabilities	395,378	1,541,182	3,859,219	5,795,779

### Geographical analysis

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

	Revenue 2014 £,000	Non-current assets 2014 £,000	Revenue 2013 £,000	Non-current assets 2013 £,000
UK	6,261	2,341	5,284	1,277
Europe	5,312	71	6,219	60
Americas	9,485	1,621	9,101	1,716
Africa	1,435	30	1,364	42
Asia	806	45	320	12
Australasia	993	63	666	24
	<u>24,292</u>	<u>4,171</u>	<u>22,954</u>	<u>3,131</u>

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	2014 £	2014 £	2013 £	2013 £
<b>Finance expense</b>					
Bank borrowings		87,913		64,963	
Hire purchase interest		18,666		27,004	
Preference share dividend		<u>8,712</u>		<u>9,000</u>	
			115,291		100,967
<b>Finance income</b>					
Bank interest received		164		330	
Other finance income	19.6	<u>2,000</u>		<u>3,000</u>	
			<u>2,164</u>		<u>3,330</u>
			<u>(113,127)</u>		<u>(97,637)</u>

## 5. TAX EXPENSE

		2014 £	2014 £	2013 £	2013 £
<b>Current tax expense</b>					
UK corporation tax				43,494	
UK tax expense on profits for the year		13,932		3,485	
Prior year adjustment		<u>(30,515)</u>			
			(16,583)		46,979
Foreign corporation tax				137,289	
Foreign tax expense on profits for the year		306,325		(42,101)	
Prior year adjustment		<u>(22,025)</u>			
			<u>284,300</u>		<u>95,188</u>
<b>Current tax charge</b>			267,717		142,167
Deferred tax – origination and reversal of timing differences	15		<u>75,623</u>		<u>116,000</u>
<b>Total tax charge</b>			<u>343,340</u>		<u>258,167</u>

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



## Notes to the accounts continued

	2014 £	2013 £
<b>Profit before tax</b>	<b><u>1,125,469</u></b>	<b><u>1,010,233</u></b>
Expected tax charge based on the standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%)	241,975	234,845
Expenses not deductible for tax purposes	37,612	36,933
Income not taxable	(356)	(385)
Tax credits on research and development	(24,803)	(25,198)
Capital allowances for the period in excess of depreciation	(86,876)	(39,422)
Foreign tax	145,906	(11,813)
Utilisation of tax losses	-	(25,030)
Other differences	-	9,065
Movement in short term timing differences	7,843	2,213
Prior year adjustment	(52,540)	(38,616)
Rate differences	(1,044)	(425)
	<b><u>267,717</u></b>	<b><u>142,167</u></b>

No deferred tax asset arising on tax losses, or deferred tax liability in respect of the pension provision has been recognised as their future realisation is relatively uncertain. The amounts not recognised are estimated at £16,000 and £(10,000) respectively (2013 - £34,000 and £(2,000)) calculated at a rate of 20% (2013 – 20%).

### 6. EMPLOYEES

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

	Note	2014 No.	2013 No.
Office and management		78	69
Manufacturing		58	56
		<b><u>136</u></b>	<b><u>125</u></b>
Staff costs (including directors) comprise:		£	£
Wages and salaries		4,641,335	4,402,922
Defined contribution pension cost		104,283	84,021
Defined benefit pension cost	19.6	116,000	112,000
Other long-term employee benefits		10,098	6,230
Ex-gratia pensions		15,287	16,520
Employer's national insurance contributions and similar taxes		514,646	486,477
		<b><u>5,401,649</u></b>	<b><u>5,108,170</u></b>
Included in other expenses		(92,292)	(86,716)
		<b><u>5,309,357</u></b>	<b><u>5,021,454</u></b>
<b>Directors' remuneration:</b>			
Emoluments of qualifying services		489,704	431,066
Company pension contributions to money purchase schemes		26,831	21,669
		<b><u>516,535</u></b>	<b><u>452,735</u></b>

# 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 (2013 – 4) and under defined benefit pension schemes amounted to 1 (2013 – 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 2014			
Cost	2,058,146	7,429,790	9,487,936
Accumulated depreciation	83,614	5,347,816	5,431,430
Net book value	<u>1,974,532</u>	<u>2,081,974</u>	<u>4,056,506</u>
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	<u>1,430,840</u>	<u>1,688,538</u>	<u>3,119,378</u>
Year ended 31st December 2014			
Opening net book value	1,430,840	1,688,538	3,119,378
Additions	551,665	965,911	1,517,576
Disposals	-	(11,744)	(11,744)
Depreciation	(6,300)	(557,944)	(564,244)
Exchange differences	(1,673)	(2,787)	(4,460)
Closing net book value	<u>1,974,532</u>	<u>2,081,974</u>	<u>4,056,506</u>
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
Disposals	(56,000)	-	(56,000)
Depreciation	(3,675)	(517,270)	(520,945)
Exchange differences	692	(14,231)	(13,539)
Closing net book value	<u>1,430,840</u>	<u>1,688,538</u>	<u>3,119,378</u>

The net book value of tangible fixed assets includes an amount of £293,698 (2013 - £331,853) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £114,705 (2013 - £233,661).

The total cost of non-depreciable assets included in freehold land and buildings was £174,412 (2013 - £174,412).



# Notes to the accounts continued

## 8. SUBSIDIARIES

Subsidiary	Principal activity	Proportion of shares held 2014 and 2013	
		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. As a consequence no single investor directly controls the investee however, given the operational management that the company demonstrates, it has the ability to direct the relevant activities and the decision making process such that it has power over the investee.

## 9. FINANCIAL ASSETS

	2014 £	2013 £
<b>Secured loans to third party</b>		
Amount due on loans within one year	98,147	-
Amount due on loans within one to two years	49,977	-
Amount due on loans within two to five years	51,876	-
Total amount due after more than one year	101,853	-
	<u>200,000</u>	<u>-</u>

The secured loans accrue interest at 4.00% and 3.25% above the Bank of England base rate. The loans are repaid quarterly and are due to be fully repaid by 2017.

# Notes to the accounts continued

## 10. INVENTORIES

	2014	2013
	£	£
Raw materials	318,478	520,793
Work in progress	39,694	31,541
Finished goods	4,418,383	4,265,465
Goods in transit	111,628	1,401
	<u>4,888,183</u>	<u>4,819,200</u>

During the twelve months ended 31st December 2014 the group recognised a charge of finished goods inventories of £253,081 (2013 – £152,362) to reflect the ageing of certain stock items.

## 11. TRADE AND OTHER RECEIVABLES

	2014	2013
	£	£
Trade debtors	4,059,026	3,456,289
Other debtors	347,077	252,039
Prepayments	505,005	240,406
	<u>4,911,108</u>	<u>3,948,734</u>

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

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

## 12. TRADE AND OTHER PAYABLES – CURRENT

	2014	2013
	£	£
Trade creditors	2,767,704	2,195,408
Other taxes and social security costs	175,252	217,019
Other creditors	135,470	185,457
Accruals	674,168	548,120
	<u>3,752,594</u>	<u>3,146,004</u>

## 13. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	2014	2013
		£	£
Bank loans - secured	14	176,505	126,216
Hire purchase		92,978	156,873
Other creditors		1,053,612	545,325
		<u>1,323,095</u>	<u>828,414</u>

An analysis of the interest rate payable on financial liabilities and information about fair values is given in note 17.

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

### 14. FINANCIAL LIABILITIES – NON-CURRENT

	Note	2014 £	2013 £
Irredeemable Preference shares	16	-	180,000
Bank loans – secured		945,394	865,871
Hire purchase		157,427	115,172
Government grants		8,224	9,880
		<u>1,111,045</u>	<u>1,170,923</u>

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

	2014 £	2013 £
In one year or less, or on demand	92,978	156,873
In more than one year but not more than five years	157,427	115,172
	<u>250,405</u>	<u>272,045</u>

Obligations under bank loan agreements comprise amounts payable as follows:

	2014 £	2013 £
Within one year	176,505	126,216
One to two years	174,579	124,994
Two to five years	468,724	368,633
Over five years	302,091	372,244
	<u>1,121,899</u>	<u>992,087</u>

Terms and conditions of outstanding loans were as follows:

	Interest Rate %	Year of maturity	2014 £	2013 £
US dollar bank loan	4.25% fixed	2018	157,579	185,092
US dollar unsecured bank loan	3.00% fixed	2022	43,535	46,263
	2.25% over			
US dollar term loan	LIBOR	2023	720,785	760,732
	2.50% over			
	Bank of England			
GBP term loan	base rate	2019	200,000	-

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 and the GBP term loan form part of the group funding arrangements. These loans are secured by a fixed and floating charge over certain assets of certain group companies.

# Notes to the accounts continued

## 15. DEFERRED INCOME TAX LIABILITY

Note	2014	2013
	£	£
Accelerated capital allowances in excess of depreciation	<u>191,623</u>	<u>116,000</u>
	<b>Deferred tax</b>	
	£	
Balance at 1st January 2014	116,000	
Charged to income statement during the year	<u>75,623</u>	
Balance at 31st December 2014	<u>191,623</u>	

Deferred tax has been recognised at a rate of 40% on accelerated capital allowances in 4B Elevator Components Limited and 20% in respect of the company and Braime Pressings Limited.

## 16. SHARE CAPITAL

	2014	2013
	£	£
<b>Authorised:</b>		
480,000 Ordinary shares of 25p each	120,000	120,000
1,200,000 'A' Ordinary shares of 25p each	<u>300,000</u>	<u>300,000</u>
	<u>420,000</u>	<u>420,000</u>
<b>Allotted, called up and fully paid:</b>		
480,000 Ordinary shares of 25p each	120,000	120,000
960,000 'A' Ordinary shares of 25p each	<u>240,000</u>	<u>240,000</u>
	<u>360,000</u>	<u>360,000</u>

The 180,000 Irredeemable Preference shares, as referred to in note 14, were cancelled during the year by way of a court approved capital reduction scheme. Shareholders were repaid £1.125 per shares along with the final dividend due.

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.





## Notes to the accounts continued

### 17. 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 £327,073 (2013 - £(2,452)) 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 £667,040 were outstanding at 31st December 2014 covering periods from 9th January 2015 to 20th March 2015 (31st December 2013 - £485,980). The fair value of the forward currency contracts, which on the grounds of materiality is not included on the balance sheet, is £17,643 (2013 - £2,594).

#### Fixed interest term loans

As at 31st December 2014 fixed interest rate term loans amounted to £157,579 and £43,535 (see note 14). 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 14 regarding bank loans and obligations under finance lease and hire purchase agreements all financial instruments fall due within one year.

In addition to the maturity analysis disclosed in note 14 the interest due on hire purchase agreements repayable within one year totals £12,390 (2013 - £18,619), the interest due on finance lease and hire purchase agreements after one year but not more than five years totals £18,981 (2013 - £14,463). Likewise the interest due on bank loans repayable within one year totals £29,087 (2013 - £30,752), the interest due on bank loans repayable after one year but not more than five years totals £65,116 (2013 - £80,652), and the interest due on bank loans repayable after more than five years totals £12,022 (2013 - £25,404).



## 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 2014			
Sterling	702,336	-	702,336
Euro	117,166	-	117,166
US dollar	464,166	-	464,166
Other	274,102	-	274,102
	<u>1,557,770</u>	<u>-</u>	<u>1,557,770</u>
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
	<u>563,354</u>	<u>-</u>	<u>563,354</u>



## 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 2014			
Sterling	2,261,991	223,760	2,485,751
Euro	497,521	-	497,521
US dollar	-	921,899	921,899
Other	93	26,644	26,737
	<u>2,759,605</u>	<u>1,172,303</u>	<u>3,931,908</u>
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
	<u>1,028,623</u>	<u>1,444,131</u>	<u>2,472,754</u>

Floating rate financial liabilities comprise bank borrowings.

# Notes to the accounts continued

## Currency exposure

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

### Non interest bearing financial assets and liabilities

	Sterling £	Euro £	US dollar £	Other currencies £	Total £
Functional currency At 31st December 2014					
Sterling	-	299,314	237,283	1,396,728	1,933,325
Euro	(1,015,510)	-	-	-	(1,015,510)
US dollar	(571,042)	(19,700)	-	-	(590,742)
	<u>(1,586,552)</u>	<u>279,614</u>	<u>237,283</u>	<u>1,396,728</u>	<u>327,073</u>
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)
	<u>(1,384,883)</u>	<u>28,311</u>	<u>150,169</u>	<u>1,203,951</u>	<u>(2,452)</u>

## Risk sensitivity

A change in interest rates of 1% in any of the three currencies invested or borrowed will not affect the income statement by a figure greater or less than £30,000 (2013 - £20,000).

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £15,000 (2013 - £50,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £10,000 (2013 - £40,000).

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:

	2014 £	2013 £
Expiring in one year or less	<u>932,804</u>	<u>1,103,079</u>

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

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



## Notes to the accounts continued

### Foreign currency risk

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

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

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

### Liquidity risk

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

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

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

### Interest rate risk

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

### Credit risk

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

Quantative disclosures have been made in note 11.

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

## 18. 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 (2013 – 1,440,000). There are no potentially dilutive shares in issue.

### Dividends paid

	2014 £	2013 £
Equity shares		
Ordinary shares		
Interim of 6.20p (2013 – 5.40p) per share paid on 4th April 2014	<b>29,760</b>	25,920
Interim of 2.90p (2013 – 2.40p) per share paid on 17th October 2014	<b>13,920</b>	11,520
	<b><u>43,680</u></b>	<u>37,440</u>
'A' Ordinary shares		
Interim of 6.20p (2013 – 5.40p) per share paid on 4th April 2014	<b>59,520</b>	51,840
Interim of 2.90p (2013 – 2.40p) per share paid on 17th October 2014	<b>27,840</b>	23,040
	<b><u>87,360</u></b>	<u>74,880</u>
Total dividends paid	<b><u>131,040</u></b>	<u>112,320</u>

An interim dividend of 6.20p per Ordinary and 'A' Ordinary share was paid on 2nd April 2015.



## Notes to the accounts continued

### 19. PENSION COSTS

19.1 The group 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.

19.2 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. As part of the process the group must agree with the trustees of the scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits. A qualified actuary determines the contributions payable to the scheme. The most recent actuarial valuation was conducted at 6th April 2013. The market value of scheme assets at 6th April 2013 was £7,808,000. The funding level at 6th April 2013 was 101% 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.

The scheme is managed by a board of Trustees appointed in part by the group. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

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

- Investment risk. The scheme holds investments in asset classes such as equities, 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 equities 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 scheme'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.

19.4 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

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

	Note	2014 £	2013 £
Fair value of scheme assets	19.8	<b>7,847,000</b>	6,513,000
Present value of funded obligations	19.7	<b>(7,796,000)</b>	(6,505,000)
Surplus		<b>51,000</b>	8,000
Adjustment in respect of minimum funding requirement		<b>(51,000)</b>	(8,000)
Net asset		<b>-</b>	-

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

	Note	2014 £	2013 £
Current service cost		<b>116,000</b>	112,000
Total included in employee benefits expense	6	<b>116,000</b>	112,000
Interest on liabilities		<b>284,000</b>	256,000
Interest on assets		<b>(286,000)</b>	(259,000)
	4	<b>(2,000)</b>	(3,000)
Total amounts recognised in the consolidated income statement		<b>114,000</b>	109,000

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

	2014 £	2013 £
Opening defined benefit obligation	<b>6,505,000</b>	6,295,000
Current service cost	<b>116,000</b>	112,000
Contributions by scheme participants	<b>18,000</b>	17,000
Interest cost	<b>284,000</b>	256,000
Benefits paid	<b>(122,000)</b>	(118,000)
Experience gains on liabilities	-	(45,000)
Remeasurement gain from changes to demographic assumptions	-	106,000
Remeasurement loss from change to financial assumptions	<b>995,000</b>	(118,000)
Closing defined benefit obligation	<b>7,796,000</b>	6,505,000

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

	2014 £	2013 £
Opening fair value of scheme assets	<b>6,513,000</b>	6,328,000
Interest on assets	<b>286,000</b>	259,000
Return on scheme assets in excess of interest	<b>1,082,000</b>	(51,000)
Benefits paid	<b>(122,000)</b>	(118,000)
Employer contribution	<b>70,000</b>	78,000
Contributions by scheme participants	<b>18,000</b>	17,000
Closing fair value of scheme assets	<b>7,847,000</b>	6,513,000





## Notes to the accounts continued

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

	% of Total Assets	2014 £	2013 £
Annuity policies in payment	35.4%	2,781,000	2,472,000
Bonds	-	-	1,003,000
Equities – unquoted - overseas	8.0%	626,000	-
Equities – unquoted - UK	2.1%	166,000	-
Cash	1.1%	83,000	87,000
Money market funds – unquoted	4.8%	382,000	-
With profit deferred annuities	48.6%	3,809,000	2,951,000
Total	100.0%	<u>7,847,000</u>	<u>6,513,000</u>

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

19.10 The actual return on scheme assets is as follows:

	2014 £	2013 £
Actual return on scheme assets	<u>1,368,000</u>	<u>208,000</u>

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

	2014 £	2013 £
Gain/(loss) on scheme assets in excess of interest	1,082,000	(51,000)
Experience gains on liabilities	-	45,000
Remeasurement loss from changes to demographic assumptions	-	(106,000)
Remeasurement (loss)/gain from changes to financial assumptions	(995,000)	118,000
Adjustment in respect of minimum funding requirement	(43,000)	25,000
Total amount recognised in statement of comprehensive income	<u>44,000</u>	<u>31,000</u>

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

	2014 £	2013 £
Remeasurement gains	<u>307,000</u>	<u>263,000</u>

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

	2014 £,000	2013 £,000	2012 £,000	2011 £,000	2010 £,000
Present value of funded obligations	(7,796)	(6,505)	(6,295)	(5,648)	(4,902)
Fair value of scheme assets	7,847	6,513	6,328	5,691	4,914
Surplus	51	8	33	43	12
Experience gains/(losses) on plan liabilities	-	45	-	(29)	(184)
Losses from changes to demographic assumptions	-	(106)	-	-	-
Changes in assumptions used to value scheme liabilities	(995)	118	(573)	(522)	(237)
Gains/(losses) on scheme assets in excess of interest	1,082	(51)	566	501	253

# Notes to the accounts continued

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

	2014	2013	2012	2011	2010
Discount rate	3.40%	4.40%	4.10%	4.70%	5.40%
Salary increase	4.30%	4.70%	4.10%	4.20%	4.70%
Inflation	3.30%	3.70%	3.10%	3.20%	3.70%
Expected return on scheme assets	3.40%	5.00%	4.10%	5.00%	5.50%
LP15 pension increase	3.20%	3.55%	3.10%	3.20%	3.70%
Revaluation in deferment	3.30%	3.70%	3.10%	3.20%	3.70%
Post retirement mortality table	120%	120%	120%	120%	120%
	PNA00	PNA00	PNXA00	PNXA00	PNXA00
	YoU mc	YoU mc	YoU mc	YoU mc	YoU mc
	min	min	min	min	min
	1.0%	1.0%	1.0%	1.0%	1.0%

19.15 The company is required to agree a schedule of contributions with the Trustees of the scheme following a valuation which must be carried out at least once every three years. The next valuation of the scheme is due as at 6th April 2016. 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 £47,000.

The weighted average duration of the defined benefit obligation is approximately 17.2 years.

## 19.16 The amounts recognised in the balance sheet are as follows:

	Note	2014 £	2013 £
Net asset at start of period		-	-
Pension cost	19.6	(114,000)	(109,000)
Employer contributions		70,000	78,000
Remeasurement gain/(loss) recognised in the Statement of Comprehensive Income		87,000	6,000
Adjustment in respect of minimum funding requirement		(43,000)	25,000
Net asset at end of period		-	-



# Notes to the accounts continued

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

Adjustments to assumptions	Approximate effect on surplus £
<b>Discount rate</b>	
Plus 0.50%	103,000
Minus 0.50%	(116,000)
<b>Inflation</b>	
Plus 0.50%	(237,000)
Minus 0.50%	231,000
<b>Salary increase</b>	
Plus 0.50%	(79,000)
Minus 0.50%	75,000
<b>Life expectancy</b>	
Plus 1.0 years	(3,000)
Minus 1.0 years	7,000
<b>% With-profit deferred annuities converted on retirement using guaranteed annuity rates</b>	
Plus 10.00%	265,000
Minus 10.00%	(265,000)

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.

## 20. 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:

	2014 £	2013 £
Not later than one year	164,631	5,276
Later than one year and not later than five years	308,971	51,156
	<u>473,602</u>	<u>56,432</u>

# Notes to the accounts continued

## 21. NOTES SUPPORTING CONSOLIDATED CASH FLOW STATEMENT

	2014	2013
	£	£
Cash and cash equivalents		
Cash at bank and in hand	1,357,769	567,226
Bank overdrafts	1,505,988	490,944
	<u>(148,219)</u>	<u>76,282</u>

### Major non-cash transaction

During the year the group acquired tangible assets of £148,591 subject to finance (2013 - £ nil) under hire purchase agreements.

## 22. CAPITAL COMMITMENTS

There were capital commitments of £96,466 (2013 - £nil) which are contracted but not provided for in these financial statements.

## 23. 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.

There were no other related party transactions during the year.



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

## Company balance sheet

at 31st December 2014

	Note	2014 £	2014 £	2013 £	2013 £
<b>Fixed assets</b>					
Tangible assets	2		1,264,551		1,270,851
Investments	3		<u>344,695</u>		<u>344,695</u>
			<b>1,609,246</b>		<b>1,615,546</b>
<b>Current assets</b>					
Debtors: due within one year	4	9,341		5,672	
Debtors: due after more than one year	5	3,531,035		3,043,624	
Cash at bank and in hand		<u>49,966</u>		<u>6,790</u>	
		<b>3,590,342</b>		<b>3,056,086</b>	
<b>Creditors: amounts falling due within one year</b>	6	<u>308,027</u>		<u>214,685</u>	
<b>Net current assets</b>			<b>3,282,315</b>		<b>2,841,401</b>
<b>Total assets less current liabilities</b>			<b>4,891,561</b>		<b>4,456,947</b>
<b>Creditors: amounts falling due after more than one year</b>	7		<b>1,408,209</b>		<b>1,254,347</b>
Provisions for liabilities	8		<u>52,288</u>		-
			<b>3,431,064</b>		<b>3,202,600</b>
<b>Capital and reserves</b>					
Called up share capital	9		360,000		360,000
Capital redemption reserve	10		180,000		-
Profit and loss account	10		<u>2,891,064</u>		<u>2,842,600</u>
Shareholders' funds	11		<b>3,431,064</b>		<b>3,202,600</b>

This financial statement was approved and authorised for issue by the board of directors on 20th April 2015 and signed on its behalf by:

**O. N. A. Braime**, Director

**M. L. Mills**, Director

# Notes to the accounts

## 1. ACCOUNTING POLICIES

### 1.1 Accounting convention

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

### 1.2 Depreciation

#### Tangible fixed assets

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

Land and buildings – 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 £382,004 (2013 – £415,737).

### 1.8 Value of investments

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.



## Notes to the accounts continued

### 2. TANGIBLE FIXED ASSETS

	Land and buildings £
Cost	
At 1st January 2014	1,274,526
At 31st December 2014	<u>1,274,526</u>
Depreciation	
At 1st January 2014	3,675
Provided for in the year	6,300
At 31st December 2014	<u>9,975</u>
Net book value	
At 31st December 2014	<u>1,264,551</u>
At 31st December 2013	<u>1,270,851</u>

The total cost of non-depreciable assets included in land and buildings was £174,412 (2013 - £174,412).

### 3. INVESTMENTS

#### Subsidiary undertakings

	£
Shares at cost at 31st December 2014 and 2013	<u>344,695</u>

Subsidiary	Principal activity	Proportion of shares held 2014 and 2013	
		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 2014 and 2013	
		Ordinary Shares	Preference Shares
iv Incorporated in and operating from Thailand: 4B Asia Pacific Company Limited	Distribution of bulk material handling components	48%	-
v Incorporated in and operating from South Africa: 4B Africa Elevator Components (Pty) Limited	Distribution of bulk material handling components	100%	-
vi Incorporated in and operating from Australia: 4B Australia Pty Limited	Distribution of bulk material handling components	100%	-
<b>4. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR</b>			
		<b>2014</b>	<b>2013</b>
		£	£
Other taxes		<b>7,828</b>	4,197
Prepayments		<b>1,513</b>	1,475
		<b><u>9,341</u></b>	<b><u>5,672</u></b>
<b>5. DEBTORS: AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR</b>			
		<b>2014</b>	<b>2013</b>
		£	£
Amount owed by a subsidiary company		<b><u>3,531,035</u></b>	<b><u>3,043,624</u></b>
<b>6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
		<b>2014</b>	<b>2013</b>
		£	£
Bank overdraft		<b>184,666</b>	189,619
Bank loan		<b>40,000</b>	-
Other taxes and social security costs		<b>13,019</b>	-
Trade creditors		<b>33,935</b>	-
Accruals		<b><u>36,407</u></b>	<u>25,066</u>
		<b><u>308,027</u></b>	<b><u>214,685</u></b>

Cross guarantees exist in respect of all group company bank borrowings. At 31st December 2014 the borrowings guaranteed by the company amounted to £1,365,314 (2013 - £1,003,342).





# Notes to the accounts continued

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

	2014	2013
	£	£
Irredeemable Preference shares	-	180,000
Bank loan	160,000	-
Amount owed to subsidiary companies	1,248,209	1,074,347
	<u>1,408,209</u>	<u>1,254,347</u>

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

## 8. PROVISIONS FOR LIABILITIES

	2014	2013
	£	£
<b>Deferred tax – accelerated capital allowances</b>	<b>52,288</b>	<b>-</b>
	<u>52,288</u>	<u>-</u>
<b>Deferred tax</b>		
	£	
Balance at 1st January 2014	-	-
Charged to profit and loss account during the year	52,288	-
Balance at 31st December 2014	<u>52,288</u>	<u>-</u>

Deferred tax has been recognised at a rate of 20% based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

## 9. SHARE CAPITAL

	2014	2013
	£	£
<b>Authorised:</b>		
480,000 Ordinary shares of 25p each	120,000	120,000
1,200,000 'A' Ordinary shares of 25p each	300,000	300,000
	<u>420,000</u>	<u>420,000</u>
<b>Allotted, called up and fully paid:</b>		
480,000 Ordinary shares of 25p each	120,000	120,000
960,000 'A' Ordinary shares of 25p each	240,000	240,000
	<u>360,000</u>	<u>360,000</u>

The Irredeemable Preference shares, as referred to in note 7, were cancelled during the year by way of a court approved reduction in capital. Shareholders were paid £1.125 per share along with the final dividend payment due.

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.

# Notes to the accounts continued

## 10. RESERVES

	Capital redemption reserve	Profit and loss reserve
	£	£
Balance at 1st January 2014	-	2,842,600
Retained profit for the year	-	382,004
Cancellation of preference shares	180,000	(202,500)
Dividends paid	-	(131,040)
Balance at 31st December 2014	<u>180,000</u>	<u>2,891,064</u>

## 10. RECONCILIATION IN MOVEMENT IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the year	382,004	415,737
Cancellation of preference shares	(202,500)	-
Creation of capital redemption reserve	180,000	-
Dividend paid	(131,040)	(112,320)
Net movement in shareholders' funds	228,464	303,417
Opening shareholders' funds	3,202,600	2,899,183
Closing shareholders' funds	<u>3,431,064</u>	<u>3,202,600</u>

## 11. EMPLOYEES

	2014	2013
	Number	Number
Office and management	<u>6</u>	<u>6</u>
	£	£
<b>Directors' remuneration</b>		
Emoluments for qualifying service	<u>42,000</u>	<u>34,562</u>

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



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

## Five year record

	<b>2014</b> <b>£,000</b>	<b>2013</b> <b>£,000</b>	<b>2012</b> <b>£,000</b>	<b>2011</b> <b>£,000</b>	<b>2010</b> <b>£,000</b>
Turnover	24,292	22,954	21,212	20,068	18,058
Profit from operations	1,236	1,075	659	1,294	1,413
Profit before tax	1,125	1,010	678	1,244	1,361
Profit after tax	782	752	427	814	945
Basic and diluted earnings per share	54.31p	52.23p	29.64p	56.53p	65.63p

# 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. Resolution 6 is proposed as a Special resolution. This means that for this resolution 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 2014 to the meeting.

#### 2. Confirmation of dividends

To confirm the preference dividends of 2.50p per share paid on 30th June and 2.34p per share paid on 19th December 2014 together with the interim dividend on the ordinary and 'A' ordinary shares of 2.90p per share paid on 17th October 2014 and 6.20p per share paid on 2nd April 2015.

#### 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, O. N. A. Braime and A. W. Walker 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 resolution

#### 6. Amendment to existing Articles of Association

Following the cancellation of all 5 per cent. Cumulative Preference Shares of £1 each in the capital of the Company (the "Preference Shares"), the directors are proposing to tidy up the current articles of association of the Company (the "Articles"), which were adopted on 16th May 2014, to remove all references to, and rights applicable to, the Preference Shares together with consequential amendments. Shareholders also approved the passing of a special resolution at the 2014 AGM to approve an increase in the borrowing powers of the directors of the Company from one times the "Adjusted Capital and Reserves" (as defined in the Articles) to two times the Adjusted Capital and Reserves, subject to the sanction of a majority of the holders of the Preference Shares, as required by Article 23.2 of the Articles. Since the Preference Shares have now been cancelled, the satisfaction of this condition is no longer required and the Articles will be amended to reflect the increased borrowing powers of the Directors as approved by shareholders at the 2014 AGM.

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](http://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.



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