



REPORT & ACCOUNTS

2015



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
<b>Secretary</b>	A. Q. Braime, ACA, BA (Hons.)
<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)



## Notice of meeting

**Notice is hereby** given that the SIXTY SIXTH 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 10th June 2016 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 2015, and the report of the auditors thereon.
2. To confirm the dividends paid on 18th October 2015 and 12th May 2016 on the Ordinary and 'A' Ordinary shares.
3. a) To re-appoint as a director A. Q. 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 C. O. Braime, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.
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 set the remuneration of the auditors.

By order of the board,  
**A. Q. Braime** Secretary  
Hunslet Road, Leeds, LS10 1JZ

21st April 2016



## 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 8th June 2016.
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 2015 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.
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 8th June 2016. 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

### Overall performance of the group

Group sales revenue in 2015 maintained the consistent growth seen in recent years, increasing by 9% in 2015 to £26.5m from £24.3m in 2014.

Operating profit however fell to £897,000 from £1,236,000 in the previous year, as a result of the negative effects on 4B Braime Components of the steep fall in the value of the euro and a disappointing performance from Braime Pressings.

The overall profit before tax rose to £1,950,000 from £1,125,000, due to the exceptional circumstances explained below. After deducting tax, the final profit for the year nearly doubled to £1,542,000, compared to £782,000 in 2014.

In view of the overall result, the directors have decided to pay a second interim of 6.20p, leaving the total dividends of 9.10p, unchanged from the previous year.

### Exceptional issues in 2015

During the year, the group completed the sale to the new University Technical College (UTC) of 1.15 acres of the Hunslet Road site. This eliminated both the annual running costs and the long term maintenance of 25% of the building. The funds raised from the sale have enabled the group to modernise the facilities of the UK material handling business and considerably improve its operating efficiency.

The sale proceeds, plus an additional contribution from the UTC towards the structural work required, created a gain on disposal of £1,027,000 after taking into account the professional and legal fees required to facilitate the sale. Part of the proceeds were used to fund the construction of a new fire wall separating our facilities from the adjoining UTC building, reducing the gain by a further £258,000. Tax arising on this gain has been deferred against future capital investments in the business.

During the year, a fire in Braime Pressings seriously damaged a key automated press line. The group was fully insured against both the damage caused to the press, the additional costs incurred and the loss of contribution as a result of having to source replacement parts from a third party, based in the USA, to satisfy an existing customer contract; up to 31st December 2015 these costs amounted to £243,000. Given the costs and uncertainty involved in a repair, the insurance company determined that the lower risk option to them was to make a contribution of £375,000 towards the costs of a

new press line. This will be commissioned in the 1st half of 2016 and the directors believe this will increase both capacity and productivity of this production cell.

In line with generally accepted accounting practice, the disposal of the damaged press, which was almost fully depreciated and the contribution received, gives rise to a further gain on disposal of £373,000. The new press line will be capitalised once it has been fully commissioned and then depreciated in line with normal policy. The accountancy treatment of the disposal has no effect on the tax charge.

### Braime Pressings Limited

At an operating profit level, Braime Pressings Limited recorded a loss in 2015, as despite the significant investments in plant made in recent years, productivity has recently declined. The company has addressed this issue by the recruitment of new managers which the directors believe will have a positive impact on performance and quality.

Pressings also faced unexpectedly high plant repairs and a significant increase in energy costs, even though the wiring was modernised throughout the facility and energy saving lighting installed in 2014.

A number of improvements to the layout of the plant were made in 2015. The tool room was relocated closer to the production area and a new comprehensive system of tool racking was installed. A temperature controlled storage area has also been created for finished parts and the heating system throughout the facility has been modernised to improve the working environment.

The goods inwards and despatch areas have been re-located from the front of the building directly adjoining the dual carriageway leading to Leeds City Centre to the quieter rear of the facility, giving better vehicle accessibility and allowing for future increases in capacity. This significantly improves efficiency as the existing historic corner entrance was designed for horse drawn carts in 1911!

### 4B material handling division

On the whole, the overseas subsidiaries within the 4B division increased both sales and profitability. The impact of movements in foreign exchange rates affected the apparent performance of a number of subsidiaries. The contribution to the group from 4B Africa and 4B France were both reduced by the depreciation in the value of their trading currencies during 2015 when consolidated in sterling into the group result.



## Chairman's statement continued

On the other hand, the largest subsidiary, 4B Components USA, had a good trading year and benefited from the movement in the dollar exchange rate which lowered the cost of imported goods and increased the value of the subsidiary's contribution to the group.

Unfortunately, the profitability of 4B Braime Components in the UK was impacted by the fall of around 15% in the value of the euro compared to sterling. A large part of the sales of 4B Braime Components to Eurozone customers are priced in euros at the start of each year which meant that the fall in the exchange rate significantly reduced the gross margins achieved on sales in 2015.

The 4B division has for many years delivered continuous annual growth and in 2015 sales surpassed £22.5m; 4B is primarily a distribution business and therefore "if you don't have it, you won't sell it". Given the size of the product range, the long lead times and the global nature of the business, this rate of growth in sales inevitably puts upward pressure on stocks and the group's financial resources. The overall group stock grew by £831,000 in 2015 and most of this increase was within the 4B Division. Consequently, stock control within the division will need to be improved to enable the company to continue to invest in new plant and products.

### Finance and cash flow

The company ended 2015 with positive cash reserves of £315,000; a net improvement of £464,000 over the equivalent position at the end of 2014.

The cash flow statement shows that the group's working capital position declined year on year by £596,000. This has been caused by an increase in group stock of £831,000 and a small increase in trade debtors and other receivables of £94,000. This was only partly offset by an increase in trade creditor and other payables of £329,000.

The increase in the group stock from £4,889,000 to £5,720,000 represents a 17% increase year on year compared to the 9% increase in sales achieved and this is a primary reason for the substantial increase in working capital. An immediate focus for 2016 will be to reduce stock to its previous ratio relative to sales and improved controls and processes are being put in place to achieve this.

### Capex

In 2015, the group invested £689,000 in plant and equipment and motor vehicles. At 31st December 2015, the group had on order further capital investments of £427,000, made up largely of the new press line and other projects to improve the effectiveness of its manufacturing operations. Funds permitting, the group has plans to make further investments which will improve productivity, capacity, and quality control.

### Staff

Staff are the group's most important asset. Turnover in staff is extremely low and the directors believe this indicates the level of their loyalty and commitment. Listening carefully to their ideas and encouraging their proactive support is essential, in order to maintain both the survival and the growth of the business in what are ever more challenging circumstances. Management continues to carefully invest in the employment of new staff to strengthen further the group and are very pleased to welcome them to the business.

### Outlook

Truck components both for building new vehicles and for their regular maintenance are the key product of Braime Pressings and currently demand is running well below last year due to the economic slowdown seen across Europe.

Demand for the range of 4B material components fell in the last quarter of 2015 leading all subsidiaries to express concerns for 2016. However, with the exception of 4B Braime in the UK, where demand remains subdued, the sales performance of the overseas subsidiaries is exceeding last year and is more than offsetting the effect of the underlying global downturn.

The overall result for the group will continue to be affected, as in recent years, by movements in the exchange rates and the slowdown in the global economy which are impossible to predict. The underlying position of the group however, remains positive due to its reputation and the quality of its products and the services it offers.

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

21st April 2016





## Group strategic report

### Principal activities and risks and uncertainties

The group comprises two core segments; the 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 maintenance of the TS16949 quality standard is important to the group and allows it to access growing markets within the automotive and other sectors. A process of continual improvement in systems and processes reduces this risk as well as providing increased flexibility to allow the business to respond to customer requirements. The company is exposed to medium to long term fluctuations in steel prices and 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 manages the group's banking facilities and all lines of funding. Forward contracts are used to hedge against foreign exchange differences arising on cash flows in currencies that differ from the operational entity's reporting currency. 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. The use of automated equipment allows us to produce in high volumes whilst maintaining flexibility to respond to customer demands.

The material handling components business operates from a number of locations around the globe allowing us to be close to our core markets. The focus of the business is to provide innovative solutions drawing on our expertise in material handling and access to a broad product range.

The two segments are very different and serve 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 in the year although disappointingly, the operational performance of the company deteriorated. This was due to higher energy costs, increases in repairs to plant and difficulties in achieving the productivity gains anticipated. A number of other one time issues and costs associated with the sale of part of the site as well as the press fire were incurred which further impacted performance.

At the start of 2016, the management team was strengthened and a significant new press line will be installed in the 1st half of 2016. We anticipate both of these factors will allow us to make the necessary improvements in productivity and to return operating profit.



## Group strategic report continued

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

The 4B division continued to increase sales revenue in 2015 with growth across all the subsidiaries. This was particularly encouraging given the movement in exchange rates many of the subsidiaries had to manage throughout the year.

The outlook for 2016 remains positive with further growth anticipated from our overseas subsidiaries.

### **Taxation**

The effective rate of tax is 21.00% (2014 – 30.50%). The effective rate is above the standard UK tax rate of 20.25% (2014 – 21.50%) due to the blending effect of the different rates of tax applied by each of the countries in which the group operates. In any financial year the effective rate will depend on the mix of countries in which profits are made.

### **Capital expenditure**

In 2015, the group invested £689,000 in plant and equipment continuing the recent substantial investment in new manufacturing machinery. The plan for 2016 is to complete the installation of the new press replacing the one damaged by fire in 2015 and to make further tactical investments in key equipment to maximize productivity and improve flexibility and quality.

### **Cash flow**

Stock increased by £831,000 and debtors by the smaller sum of £94,000; these calls on working capital were partly offset by an increase in our creditors of £329,000. In total the business generated funds from operations of £434,000 net of the movement in working capital.

The sale of part of the Hunslet Road site to UTC generated net disposal proceeds of £794,000, the fire which damaged the Benelli press during the year resulted in the disposal of the press and an insurance claim for £375,000. The business made use of these funds to make capital expenditure investments of £1,010,000 and repay £301,000 of borrowings.

After the payment of other financial costs and the dividend, the net cash position was £316,000; a net inflow of £464,000.

### **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 £8.6 million (2014 – £7.4 million), this is due to the strong profit performance in the year. A foreign exchange loss of £ (147,000) (2014 – £11,000 gain) 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 businesses. 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.

### **Environment**

The group's policy with regard to the environment is to understand and effectively manage the actual and potential environmental impact of our activities. 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.



## Group strategic report continued

### **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

21st April 2016



## Directors' report

The directors present their annual report and financial statements for the year ended 31st December 2015.

### RESULTS AND DIVIDENDS

The profit for the year after taxation and transferred to reserves was £1,541,534 (2014 – £782,129). 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 2015	1st January 2015
<b>O. N. A. Braime</b>		
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 A. Q. Braime and C. O. Braime retire by rotation and, being eligible offer themselves for re-election.

M. L. Mills resigned on 24th February 2016 and ceased to be a director from this date.

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

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



## Directors' report continued

### SUBSTANTIAL SHAREHOLDINGS

The company has been notified that as at 30th March 2016, apart from the directors, only the following persons are beneficially interested in more than 3% of the Ordinary shares of the company:

	<b>Ordinary shares held</b>	<b>Percentage</b>
J M Finn Nominees Limited	71,000	14.79%
Ferlim Nominees Limited Des. POOLED	39,883	8.30%
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 Corporate Governance Code 2014. 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 also described in the group strategic report. 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.

Growth is being seen in many of the geographic areas in which the group operates. However, the strength of the recovery in certain markets, particularly the UK, continues to be concerning and this 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 increased from an overdrawn opening figure of £(148,219) to a credit position of £315,980 as at 31st December 2015.

During the period the group funding of working capital increased by £595,974 principally arising from an increase in inventory which was only partly offset by increases in trade and other payables. Overall cash derived from operating activities generated £434,192 net of the increased working capital funding.

The net cash received from the sale of part of the site to UTC during the year has been largely reinvested in the infrastructure and plant at the Leeds manufacturing site.

At 31st December 2015, the available headroom within the group's borrowing facilities amounted to £1,142,497. 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 which act to mitigate the volatility in any one area. The group's forecasts and projections, taking account reasonably possible changes in trading performance, show that there is no substantial risk that the group will not 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.



## Directors' report continued

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the rules of the London Stock Exchange for companies trading on the AIM. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed by the parent company and applicable IFRSs as adopted by the European Union have been followed by the group, subject to any material departures disclosed and explained in the financial statements; and
- 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 to 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 £2,233 (2014 - £1,000) 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  
**A. Q. Braime** Director

21st April 2016

# 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

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 2017.

The renewal of Mr. A. W. Walker's service contract is subject to approval of the whole board and has been approved for a further three years to 30th March 2019.





## Directors' remuneration report continued

### INFORMATION SUBJECT TO AUDIT

#### Directors' remuneration

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

	Fees	Salary	Estimated taxable value of benefits in kind	Total 2015	Total 2014	Pension contributions 2015	Pension contributions 2014
	£	£	£	£	£	£	£
Executive directors							
O. N. A. Braime	-	184,872	3,266	<b>188,138</b>	178,258	-	2,236
A. Q. Braime	-	94,495	1,257	<b>95,752</b>	86,301	<b>9,727</b>	8,264
C. O. Braime	-	94,510	883	<b>95,393</b>	85,913	<b>9,727</b>	8,264
M. L. Mills	-	104,690	1,400	<b>106,090</b>	97,232	<b>8,901</b>	8,067
P. J. O. Alcock	24,000	-	-	<b>24,000</b>	21,000	-	-
A. W. Walker	24,000	-	-	<b>24,000</b>	21,000	-	-
	<u>48,000</u>	<u>478,567</u>	<u>6,806</u>	<u><b>533,373</b></u>	<u>489,704</u>	<u><b>28,355</b></u>	<u>26,831</u>
Paid by the company	<u>48,000</u>			<u><b>48,000</b></u>	<u>42,000</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 age	Accrued benefit	Pension input amount
		£	£
O. N. A. Braime	65	<u>75,000</u>	<u>(13,594)</u>

#### Approval

The directors' remuneration report was approved by the board on 21st April 2016.

**A. Q. Braime**, Director



# Independent auditors' report

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

We have audited the financial statements of T.F. & J.H. Braime (Holdings) P.L.C. for the year ended 31st December 2015 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 and parent company 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 page 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 Chairman's Statement, 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 state of the group's and of the parent company's affairs as at 31st December 2015 and of the group'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 matter prescribed by the Companies Act 2006**

In our opinion:

- the information given in the Chairman's Statement, 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.

21st April 2016



## Consolidated income statement for the year ended 31st December 2015

	Note	2015 £	2014 £
<b>Revenue</b>		<b>26,470,084</b>	24,291,700
Changes in inventories of finished goods and work in progress		<b>886,480</b>	161,071
Raw materials and consumables used		<b>(15,529,776)</b>	(13,535,766)
Employee benefits costs	6	<b>(6,022,492)</b>	(5,309,357)
Depreciation expense		<b>(758,589)</b>	(564,244)
Other expenses		<b>(4,148,272)</b>	(3,807,604)
<b>Profit from operations</b>	2	<b>897,435</b>	1,235,800
Profit on disposal of tangible fixed assets		<b>1,158,140</b>	2,796
Finance costs	4	<b>(116,830)</b>	(115,291)
Finance income	4	<b>11,726</b>	2,164
<b>Profit before tax</b>		<b>1,950,471</b>	1,125,469
Tax expense	5	<b>(408,937)</b>	(343,340)
<b>Profit for the year</b>		<b><u>1,541,534</u></b>	<u>782,129</u>
Profit attributable to:			
Owners of the parent		<b>1,584,748</b>	864,011
Non-controlling interests		<b>(43,214)</b>	(81,882)
		<b><u>1,541,534</u></b>	<u>782,129</u>
<b>Basic and diluted earnings per share</b>	18	<b><u>107.05p</u></b>	<u>54.31p</u>

## Consolidated statement of comprehensive income for the year ended 31st December 2015

	Note	2015 £	2014 £
Profit for the year		<b>1,541,534</b>	782,129
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net pension remeasurement gain on post employment benefits	19.11	<b>10,000</b>	44,000
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange (losses)/gains on re-translation of overseas operations		<b>(146,822)</b>	10,819
Other comprehensive income for the year		<b>(136,822)</b>	54,819
<b>Total comprehensive income for the year</b>		<b><u>1,404,712</u></b>	<u>836,948</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<b>1,447,926</b>	918,830
Non-controlling interests		<b>(43,214)</b>	(81,882)
		<b><u>1,404,712</u></b>	<u>836,948</u>

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



# Consolidated balance sheet

at 31st December 2015

	Note	2015 £	2015 £	2014 £	2014 £
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	4,677,456		4,056,506	
Goodwill		12,270		12,270	
Financial assets	9	<u>51,877</u>		<u>101,853</u>	
Total non-current assets			4,741,603		4,170,629
<b>Current assets</b>					
Inventories	10	5,719,654		4,888,183	
Trade and other receivables	11	5,005,099		4,911,108	
Financial assets	9	57,777		98,147	
Cash and cash equivalents		<u>931,018</u>		<u>1,357,769</u>	
Total current assets			11,713,548		11,255,207
<b>Total assets</b>			<u>16,455,151</u>		<u>15,425,836</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Bank overdraft		615,038		1,505,988	
Trade and other payables	12	4,053,220		3,752,594	
Other financial liabilities	13	1,498,171		1,323,095	
Corporation tax liability		<u>66,854</u>		<u>187,054</u>	
Total current liabilities			6,233,283		6,768,731
<b>Non-current liabilities</b>					
Financial liabilities	14	1,363,524		1,111,045	
Deferred income tax liability	15	<u>230,235</u>		<u>191,623</u>	
Total non-current liabilities			1,593,759		1,302,668
<b>Total liabilities</b>			<u>7,827,042</u>		<u>8,071,399</u>
<b>Total net assets</b>			<u>8,628,109</u>		<u>7,354,437</u>
<b>Capital and reserves attributable to equity holders of the parent company</b>					
Share capital	16	360,000		360,000	
Capital reserve		257,319		257,319	
Foreign exchange reserve		(58,581)		88,241	
Retained earnings		<u>8,194,467</u>		<u>6,730,759</u>	
<b>Total equity attributable to the shareholders of the parent</b>		<u>8,753,205</u>		<u>7,436,319</u>	
Non-controlling interests		<u>(125,096)</u>		<u>(81,882)</u>	
<b>Total equity</b>			<u>8,628,109</u>		<u>7,354,437</u>

The financial statements on pages 19 to 50 were approved and authorised for issue by the board of directors on 21st April 2016 and were signed on its behalf by:

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

**A. Q. Braime**, Director

**Company Registration Number 488001**

The notes on pages 23 to 50 form part of these financial statements



# Consolidated cash flow statement

for the year ended 31st December 2015

	Note	2015 £	2015 £	2014 £	2014 £
<b>Operating activities</b>					
Net profit			1,541,534		782,129
Adjustments for:					
Depreciation	7	758,589		564,244	
Grants amortised		(1,656)		(1,656)	
Foreign exchange (losses)/gains		(146,677)		15,279	
Finance income	4	(11,726)		(2,164)	
Finance expense	4	116,830		115,291	
Gain on sale of land and buildings, plant, machinery and motor vehicles		(1,158,140)		(2,796)	
Adjustment in respect of defined benefits scheme		13,000		46,000	
Income tax expense	5	408,937		343,340	
Income taxes paid		(490,525)		(41,685)	
			(511,368)		1,035,853
<b>Operating profit before changes in working capital and provisions</b>			<b>1,030,166</b>		<b>1,817,982</b>
Increase in trade and other receivables		(93,991)		(1,044,846)	
Increase in inventories		(831,471)		(68,983)	
Increase in trade and other payables		329,488		1,114,877	
			(595,974)		1,048
<b>Cash generated from operations</b>			<b>434,192</b>		<b>1,819,030</b>
<b>Investing activities</b>					
Purchases of property, plant, machinery and motor vehicles		(1,010,401)		(1,368,985)	
Sale of land and buildings, plant, machinery and motor vehicles		1,190,561		14,540	
Interest received		8,726		164	
			188,886		(1,354,281)
<b>Financing activities</b>					
Proceeds from long term borrowings		300,000		200,000	
Loan financing repayments/(provided)		90,346		(200,000)	
Repayment of borrowings		(171,020)		(272,688)	
Repayment of hire purchase creditors		(130,335)		(170,231)	
Interest paid		(116,830)		(115,291)	
Dividends paid		(131,040)		(131,040)	
			(158,879)		(689,250)
Increase/(decrease) in cash and cash equivalents			464,199		(224,501)
Cash and cash equivalents, beginning of period			(148,219)		76,282
<b>Cash and cash equivalents, end of period</b>	21		<b>315,980</b>		<b>(148,219)</b>

The notes on pages 23 to 50 form part of these financial statements



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

## Consolidated statement of changes in equity for the year ended 31st December 2015

	Note	Share Capital £	Capital Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £	Non- Controlling Interests £	Total Equity £
<b>Balance at 1st January 2014</b>		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 pension remeasurement gain recognised directly in equity	19.11	-	-	-	44,000	44,000	-	44,000
Foreign exchange gain on re-translation of overseas subsidiaries consolidated 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)
<b>Balance at 1st January 2015</b>		<b>360,000</b>	<b>257,319</b>	<b>88,241</b>	<b>6,730,759</b>	<b>7,436,319</b>	<b>(81,882)</b>	<b>7,354,437</b>
<b>Comprehensive income</b>								
Profit		-	-	-	1,584,748	1,584,748	(43,214)	1,541,534
<b>Other comprehensive income</b>								
Net pension remeasurement gain recognised directly in equity	19.11	-	-	-	10,000	10,000	-	10,000
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations		-	-	(146,822)	-	(146,822)	-	(146,822)
Total other comprehensive income		-	-	(146,822)	10,000	(136,822)	-	(136,822)
Total comprehensive income		-	-	(146,822)	1,594,748	1,447,926	(43,214)	1,404,712
<b>Transactions with owners</b>								
Dividends	18	-	-	-	(131,040)	(131,040)	-	(131,040)
Cancellation of Preference shares		-	-	-	-	-	-	-
Total transactions with owners		-	-	-	(131,040)	(131,040)	-	(131,040)
<b>Balance at 31st December 2015</b>		<b><u>360,000</u></b>	<b><u>257,319</u></b>	<b><u>(58,581)</u></b>	<b><u>8,194,467</u></b>	<b><u>8,753,205</u></b>	<b><u>(125,096)</u></b>	<b><u>8,628,109</u></b>

The capital reserve arose on the listing of the company's shares on the London Stock Exchange and 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 consolidated within the group financial statements. The retained earnings reserve includes the accumulated profit and losses of the group.

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

# Notes to the accounts

## 1. ACCOUNTING POLICIES

### 1.1 General company information

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

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

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

The group consolidated financial statements were authorised for issue by the board on 21st April 2016.

### 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 51 to 58.

### 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 pension scheme (note 19). Asset valuations are based on the fair value of the assets. The valuation 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 2015.

- 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.

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 2015 and not early adopted.

- IFRS9, 'Financial instruments'; effective on or after 1st January 2018.
- IFRS14, 'Regulatory deferral accounts'; effective on or after 1st January 2016.
- IFRS15, 'Revenue from contracts with customers'; effective on or after 1st January 2018.
- Amendments to IAS16 and IAS38 'Clarification of acceptable methods of depreciation and amortisation'; effective on or after 1st January 2016.
- Amendments to IFRS11 'Accounting for acquisitions of interests in joint operations'; effective on or after 1st January 2016.
- Amendment to IAS27 'Equity method in separate financial statements'; effective on or after 1st January 2016.
- IAS1 'Disclosure initiative'; effective on or after 1st January 2016.
- Annual improvements to IFRS's 2012-14 cycle IFRS5, IFRS7, IAS19 and IAS34; effective on or after 1st January 2016.

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.

### 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. 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.

## Notes to the accounts continued

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.

### 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 assets. 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.



## Notes to the accounts continued

### 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.

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.

## Notes to the accounts continued

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, an adjustment is made in respect of the minimum funding requirement and 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' or 'hire purchase contract'), 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.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

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 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.

### 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.



## Notes to the accounts continued

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.

### 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.

## Notes to the accounts continued

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	2015 £	2014 £
This has been arrived at after charging/(crediting):			
Depreciation	7	758,589	564,244
Foreign exchange differences		5,686	16,655
Research and development costs		152,545	138,752
Write-down of inventory to net realisable value		81,010	253,081
Fees payable to the company's auditor:			
• for the audit of the company's annual accounts		5,250	5,000
• the audit of the company's subsidiaries, pursuant to legislation		26,750	27,000
• other services pursuant to legislation		3,000	3,000
Profit on disposal of fixed assets		(1,158,140)	(2,796)
Operating lease payments		<u>173,312</u>	<u>121,343</u>

Profit on disposal of fixed assets includes £769,277 from the part disposal of the land and buildings in Hunslet, Leeds and £373,350 from the disposal of one item of plant.



## 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 2015.

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 2015 £	Manufacturing 2015 £	Distribution 2015 £	Total 2015 £
<b>Revenue</b>				
External	-	3,955,447	22,514,637	26,470,084
Inter company	122,593	3,267,777	4,411,488	7,801,858
<b>Total</b>	<u>122,593</u>	<u>7,223,224</u>	<u>26,926,125</u>	<u>34,271,942</u>
<b>Profit</b>				
EBITDA	(102,140)	35,632	1,722,532	1,656,024
Gain on sale of tangible fixed assets	-	1,149,629	8,511	1,158,140
Finance costs	(48,347)	(30,566)	(37,917)	(116,830)
Finance income	-	3,666	8,060	11,726
Depreciation	-	(432,370)	(326,219)	(758,589)
Tax expense	(44,540)	-	(364,397)	(408,937)
<b>(Loss)/profit for the period</b>	<u>(195,027)</u>	<u>725,991</u>	<u>1,010,570</u>	<u>1,541,534</u>
<b>Assets</b>				
Total assets	1,314,918	4,588,122	10,552,111	16,455,151
Additions to non current assets	-	1,146,385	265,722	1,412,107
<b>Liabilities</b>				
Total liabilities	701,606	2,839,750	4,285,686	7,827,042





## Notes to the accounts continued

	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
Total	<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

### Geographical analysis

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

	Revenue 2015 £'000	Non-current assets 2015 £'000	Revenue 2014 £'000	Non-current assets 2014 £'000
UK	6,704	3,010	6,261	2,341
Europe	6,207	66	5,312	71
Americas	10,701	1,523	9,485	1,621
Africa	995	35	1,435	30
Asia	865	68	806	45
Australasia	998	40	993	63
	<u>26,470</u>	<u>4,742</u>	<u>24,292</u>	<u>4,171</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	2015 £	2015 £	2014 £	2014 £
<b>Finance expense</b>					
Bank borrowings		101,001		87,913	
Hire purchase interest		15,829		18,666	
Preference share dividend		-		8,712	
			116,830		115,291
<b>Finance income</b>					
Bank interest received		8,726		164	
Other finance income	19.6	3,000		2,000	
			11,726		2,164
			<u>(105,104)</u>		<u>(113,127)</u>

### 5. TAX EXPENSE

		2015 £	2015 £	2014 £	2014 £
<b>Current tax expense</b>					
UK corporation tax				13,932	
UK tax expense on profits for the year		-		(30,515)	
Prior year adjustment		-			(16,583)
			-		
Foreign corporation tax				306,325	
Foreign tax expense on profits for the year		376,560		(22,025)	
Prior year adjustment		(6,235)			
			370,325		284,300
<b>Current tax charge</b>					
			370,325		267,717
Deferred tax – origination and reversal of timing differences					
	15	42,046		75,623	
Prior year rate difference	15	(3,434)		-	
			38,612		75,623
<b>Total tax charge</b>			<u>408,937</u>		<u>343,340</u>



## Notes to the accounts continued

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:

	2015 £	2014 £
<b>Profit before tax</b>	<b><u>1,950,471</u></b>	<b><u>1,125,469</u></b>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%)	<b>394,971</b>	241,975
Expenses not deductible for tax purposes	<b>14,760</b>	37,612
Income not taxable	<b>(336)</b>	(356)
Tax credits on research and development	<b>(24,239)</b>	(24,803)
Profit on property disposal non taxable	<b>(137,492)</b>	-
Foreign tax	<b>161,282</b>	145,906
Utilisation of tax losses	<b>(5,058)</b>	-
Deferred tax not provided	<b>14,497</b>	(2,064)
Prior year adjustment	<b>(6,235)</b>	(52,540)
Rate differences	<b>(3,213)</b>	(2,390)
	<b><u>408,937</u></b>	<b><u>343,340</u></b>

No deferred tax asset arising on tax losses, accelerated depreciation in excess of capital allowances 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 £11,000, £6,000 and £(9,000) respectively (2014 - £16,000, £nil and £(10,000)) calculated at a rate of 18% (2014 – 20%).

### 6. EMPLOYEES

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

	Note	2015 No.	2014 No.
Office and management		<b>81</b>	78
Manufacturing		<b>64</b>	58
		<b><u>145</u></b>	<b><u>136</u></b>
Staff costs (including directors) comprise:		£	£
Wages and salaries		<b>5,300,358</b>	4,641,335
Defined contribution pension cost		<b>147,076</b>	104,283
Defined benefit pension cost	19.6	<b>67,000</b>	116,000
Other long-term employee benefits		<b>25,198</b>	10,098
Ex-gratia pensions		<b>11,948</b>	15,287
Employer's national insurance contributions and similar taxes		<b>566,673</b>	514,646
		<b><u>6,118,253</u></b>	<b><u>5,401,649</u></b>
Included in other expenses		<b>(95,761)</b>	(92,292)
		<b><u>6,022,492</u></b>	<b><u>5,309,357</u></b>
<b>Directors' remuneration:</b>			
Emoluments of qualifying services		<b>533,373</b>	489,704
Company pension contributions to money purchase schemes		<b>28,355</b>	26,831
		<b><u>561,728</u></b>	<b><u>516,535</u></b>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounts to 3 (2014 – 4) and under defined benefit pension schemes amounted to nil (2014 – 1). Further details of directors remuneration are included in the remuneration report.



## Notes to the accounts continued

### 7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £	Plant, machinery and motor vehicles £	Total £
At 31st December 2015			
Cost	2,755,211	7,717,038	10,472,249
Accumulated depreciation	122,426	5,672,367	5,794,793
Net book value	<u>2,632,785</u>	<u>2,044,671</u>	<u>4,677,456</u>
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>
Year ended 31st December 2015			
Opening net book value	1,974,532	2,081,974	4,056,506
Additions	722,626	689,481	1,412,107
Disposals	(30,771)	(1,650)	(32,421)
Depreciation	(31,515)	(727,074)	(758,589)
Exchange differences	(2,087)	1,940	(147)
Closing net book value	<u>2,632,785</u>	<u>2,044,671</u>	<u>4,677,456</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>

The net book value of tangible fixed assets includes an amount of £504,264 (2014 - £293,698) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £120,272 (2014 - £114,705).

The total cost of non-depreciable assets included in freehold land and buildings was £1,356,863 (2014 - £174,412).



## Notes to the accounts continued

### 8. SUBSIDIARIES

Subsidiary	Principal activity	Proportion of shares held 2015 and 2014	
		Ordinary Shares	Preference Shares
i Registered in and operating from England: Braime Pressings Limited	Manufacture of metal presswork	100%	100%
4B Braime 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: 4B France sarl	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

	2015 £	2014 £
<b>Secured loan to third party</b>		
Amount due on loan within one year	49,977	98,147
Other loans (unsecured) due within one year	7,800	-
	<u>57,777</u>	<u>98,147</u>
Amount due on the loan within one to two years	51,877	49,977
Amount due on the loan within two to five years	-	51,876
<b>Total amount due after more than one year</b>	<u>51,877</u>	<u>101,853</u>
	<u>109,654</u>	<u>200,000</u>

One of the loans was fully repaid in the year, the remaining secured loan accrues interest at 3.25% above the Bank of England base rate. The loan is repaid quarterly and is due to be fully repaid by 2017.

## Notes to the accounts continued

### 10. INVENTORIES

	2015	2014
	£	£
Raw materials	286,091	318,478
Work in progress	34,988	39,694
Finished goods	5,309,569	4,418,383
Goods in transit	89,006	111,628
	<u>5,719,654</u>	<u>4,888,183</u>

During the twelve months ended 31st December 2015 the group recognised a charge of finished goods inventories of £81,010 (2014 – £253,081) to reflect the ageing of certain stock items.

### 11. TRADE AND OTHER RECEIVABLES

	2015	2014
	£	£
Trade debtors	3,943,878	4,059,026
Other debtors	758,739	347,077
Prepayments	302,482	505,005
	<u>5,005,099</u>	<u>4,911,108</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

	2015	2014
	£	£
Trade creditors	2,605,917	2,767,704
Other taxes and social security costs	316,552	175,252
Other creditors	267,662	135,470
Accruals	863,089	674,168
	<u>4,053,220</u>	<u>3,752,594</u>

### 13. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	2015	2014
		£	£
Bank loans - secured	14	245,815	176,505
Hire purchase		169,884	92,978
Other creditors		1,082,472	1,053,612
		<u>1,498,171</u>	<u>1,323,095</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	2015 £	2014 £
Bank loans – secured		1,005,064	945,394
Hire purchase		351,892	157,427
Government grants		6,568	8,224
		<u>1,363,524</u>	<u>1,111,045</u>

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

	2015 £	2014 £
In one year or less, or on demand	169,884	92,978
In more than one year but not more than five years	351,892	157,427
	<u>521,776</u>	<u>250,405</u>

Obligations under bank loan agreements comprise amounts payable as follows:

	2015 £	2014 £
Within one year	245,815	176,505
One to two years	243,903	174,579
Two to five years	540,938	468,724
Over five years	220,223	302,091
	<u>1,250,879</u>	<u>1,121,899</u>

Terms and conditions of outstanding loans were as follows:

	Interest rate	Year of maturity	2015 £	2014 £
US dollar bank loan	4.25% fixed	2018	123,265	157,579
US dollar unsecured bank loan	3.00% fixed	2022	39,955	43,535
	2.25% over LIBOR			
US dollar term loan	2.50% over Bank of England base rate	2023	668,062	720,785
GBP term loan	2.75% over Bank of England base rate	2019	159,597	200,000
GBP term loan	2.75% over Bank of England base rate	2020	260,000	-

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 loans 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

	2015	2014
	£	£
Accelerated capital allowances in excess of depreciation	159,636	191,623
Rolled over capital gains	70,599	-
	<u>230,235</u>	<u>191,623</u>
	<b>Deferred tax</b>	
	£	
Balance at 1st January 2015	191,623	
Charged to income statement during the year	38,612	
Balance at 31st December 2015	<u>230,235</u>	

Deferred tax has been recognised at a rate of 39% on accelerated capital allowances in 4B Elevator Components Limited and 18% in respect of the company and Braime Pressings Limited.

### 16. SHARE CAPITAL

	2015	2014
	£	£
<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 '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 and finance leasing liabilities. 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 £72,090 (2014 - £327,073) 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 £1,361,211 were outstanding at 31st December 2015 covering periods from 15th January 2016 to 20th June 2016 (31st December 2014 - £667,040). The fair value of the forward currency contracts is £41,785 (2014 - £17,643). £25,000 has been included within trade and other payables in respect of these derivative financial instruments.

#### Fixed interest term loans

As at 31st December 2015 fixed interest rate term loans amounted to £123,265 and £39,955 (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 £21,205 (2014 - £12,390), the interest due on finance lease and hire purchase agreements after one year but not more than five years totals £41,747 (2014 - £18,981). Likewise the interest due on bank loans repayable within one year totals £31,937 (2014 - £29,087), the interest due on bank loans repayable after one year but not more than five years totals £60,199 (2014 - £65,116), and the interest due on bank loans repayable after more than five years totals £6,303 (2014 - £12,022).



## 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:

Currency	Floating rate financial assets £	Fixed rate financial assets £	Total £
As at 31st December 2015			
Sterling	124,944	-	124,944
Euro	227,538	-	227,538
US dollar	400,922	-	400,922
Other	279,468	-	279,468
	<u>1,032,872</u>	<u>-</u>	<u>1,032,872</u>
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>

### 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:

Currency	Floating rate financial liabilities £	Fixed rate financial liabilities £	Total £
As at 31st December 2015			
Sterling	1,935,078	477,875	2,412,953
Euro	344,247	-	344,247
US dollar	505,844	163,220	669,064
Other	-	43,901	43,901
	<u>2,785,169</u>	<u>684,996</u>	<u>3,470,165</u>
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>

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 2015					
Sterling	-	151,930	(1,005,800)	1,833,969	980,099
Euro	(961,068)	-	-	-	(961,068)
US dollar	91,381	(38,322)	-	-	53,059
	<u>(869,687)</u>	<u>113,608</u>	<u>(1,005,800)</u>	<u>1,833,969</u>	<u>72,090</u>
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>

### 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 (2014 - 30,000).

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £30,000 (2014 - £15,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £20,000 (2014 - £10,000).

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:

	2015 £	2014 £
Expiring in one year or less	<u>1,142,497</u>	<u>932,804</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 are 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 that 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.

Qualitative 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 (2014 – 1,440,000). There are no potentially dilutive shares in issue.

#### Dividends paid

	2015	2014
	£	£
Equity shares		
Ordinary shares		
Interim of 6.20p (2014 – 6.20p) per share paid on 2nd April 2015	<b>29,760</b>	29,760
Interim of 2.90p (2014 – 2.90p) per share paid on 18th October 2015	<b>13,920</b>	13,920
	<b><u>43,680</u></b>	<u>43,680</u>
'A' Ordinary shares		
Interim of 6.20p (2014 – 6.20p) per share paid on 2nd April 2015	<b>59,520</b>	59,520
Interim of 2.90p (2014 – 2.90p) per share paid on 18th October 2015	<b>27,840</b>	27,840
	<b><u>87,360</u></b>	<u>87,360</u>
Total dividends paid	<b><u>131,040</u></b>	<u>131,040</u>

An interim dividend of 6.20p per Ordinary and 'A' Ordinary share will be paid on 12th May 2016.

## 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 real returns over the long-term the short-term volatility can cause additional funding to be required if a 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 equivalent to the discount rate applied and based on the yield available on high quality corporate bands of appropriate term and currency.



## Notes to the accounts continued

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

	Note	2015 £	2014 £
Fair value of scheme assets	19.8	<b>7,271,000</b>	7,847,000
Present value of funded obligations	19.7	<b>(7,221,000)</b>	(7,796,000)
Surplus		<b>50,000</b>	51,000
Adjustment in respect of minimum funding requirement		<b>(50,000)</b>	(51,000)
Net asset		<u><u>-</u></u>	<u><u>-</u></u>

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

	Note	2015 £	2014 £
Current service cost		<b>51,000</b>	116,000
Total included in employee benefits expense	6	<b>51,000</b>	116,000
Interest on liabilities		<b>255,000</b>	284,000
Interest on assets		<b>(258,000)</b>	(286,000)
	4	<b>(3,000)</b>	(2,000)
Past service cost	6	<b>16,000</b>	-
Total amounts recognised in the consolidated income statement		<u><u>64,000</u></u>	<u><u>114,000</u></u>

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

	2015 £	2014 £
Opening defined benefit obligation	<b>7,796,000</b>	6,505,000
Current service cost	<b>51,000</b>	116,000
Contributions by scheme participants	<b>8,000</b>	18,000
Past service cost	<b>16,000</b>	-
Interest cost	<b>255,000</b>	284,000
Benefits paid	<b>(596,000)</b>	(122,000)
Remeasurement (gain)/loss from changes to financial assumptions	<b>(309,000)</b>	995,000
Closing defined benefit obligation	<u><u>7,221,000</u></u>	<u><u>7,796,000</u></u>

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

	2015 £	2014 £
Opening fair value of scheme assets	<b>7,847,000</b>	6,513,000
Interest on assets	<b>258,000</b>	286,000
Return on scheme assets in excess of interest	<b>(300,000)</b>	1,082,000
Benefits paid	<b>(596,000)</b>	(122,000)
Employer contributions	<b>54,000</b>	70,000
Contributions by scheme participants	<b>8,000</b>	18,000
Closing fair value of scheme assets	<u><u>7,271,000</u></u>	<u><u>7,847,000</u></u>

## Notes to the accounts continued

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

	% of total assets	2015 £	2014 £
Annuity policies in payment	67.0%	4,874,000	2,781,000
Equities – unquoted - overseas	9.1%	659,000	626,000
Equities – unquoted - UK	2.3%	167,000	166,000
Cash	1.8%	129,000	83,000
Money market funds – unquoted	-	2,000	382,000
With profit deferred annuities	<u>19.8%</u>	<u>1,440,000</u>	<u>3,809,000</u>
Total	<u>100.0%</u>	<u>7,271,000</u>	<u>7,847,000</u>

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

19.10 The actual return on scheme assets is as follows:

	2015 £	2014 £
Actual (loss)/return on scheme assets	<u>(42,000)</u>	<u>1,368,000</u>

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

	2015 £	2014 £
(Loss)/gain on scheme assets in excess of interest	(300,000)	1,082,000
Remeasurement gain/(loss) from changes to financial assumptions	309,000	(995,000)
Changes in effect of asset ceiling	1,000	(43,000)
Total amount recognised in statement of comprehensive income	<u>10,000</u>	<u>44,000</u>

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

	2015 £	2014 £
Remeasurement gains	<u>317,000</u>	<u>307,000</u>

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

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of funded obligations	(7,221)	(7,796)	(6,505)	(6,295)	(5,648)
Fair value of scheme assets	7,271	7,847	6,513	6,328	5,691
Surplus	50	51	8	33	43
Experience gains/(losses) on plan liabilities	-	-	45	-	(29)
Losses from changes to demographic assumptions	-	-	(106)	-	-
Changes in assumptions used to value scheme liabilities	309	(995)	118	(573)	(522)
(Losses)/gains on scheme assets in excess of interest	(300)	1,082	(51)	566	501





## Notes to the accounts continued

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

	2015	2014	2013	2012	2011
Discount rate	3.70%	3.40%	4.40%	4.10%	4.70%
Salary increase	4.45%	4.30%	4.70%	4.10%	4.20%
Inflation	3.45%	3.30%	3.70%	3.10%	3.20%
Expected return on scheme assets	3.70%	3.40%	5.00%	4.10%	5.00%
LP15 pension increase	3.30%	3.20%	3.55%	3.10%	3.20%
Revaluation in deferment	3.45%	3.30%	3.70%	3.10%	3.20%
Post retirement mortality table	120%	120%	120%	120%	120%
	PNA00	PNA00	PNA00	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 £41,000.

The weighted average duration of the defined benefit obligation is approximately 17.3 years.

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

	Note	2015 £	2014 £
Net asset at start of period		-	-
Pension cost	19.6	(64,000)	(114,000)
Employer contributions		54,000	70,000
Remeasurement gain recognised in the statement of comprehensive income		9,000	87,000
Changes in effect of asset ceiling		1,000	(43,000)
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%	125,000
Minus 0.50%	(143,000)
<b>Inflation</b>	
Plus 0.50%	(259,000)
Minus 0.50%	(234,000)
<b>Salary increase</b>	
Plus 0.50%	81,000
Minus 0.50%	(77,000)
<b>Life expectancy</b>	
Plus 1.0 years	(8,000)
Minus 1.0 years	12,000
<b>% With-profit deferred annuities converted on retirement using guaranteed annuity rates</b>	
Plus 10.00%	114,000
Minus 10.00%	(114,000)

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:

	2015 £	2014 £
Not later than one year	<b>173,028</b>	164,631
Later than one year and not later than five years	<b>197,186</b>	308,971
	<b><u>370,214</u></b>	<b><u>473,602</u></b>



## Notes to the accounts continued

### 21. NOTES SUPPORTING THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents	2015	2014
	£	£
Cash at bank and in hand	931,018	1,357,769
Bank overdrafts	615,038	1,505,988
	<u>315,980</u>	<u>(148,219)</u>

#### Major non-cash transaction

During the year the group acquired tangible assets of £254,782 subject to finance (2014 - £148,591) under hire purchase agreements and raised finance on assets acquired in previous periods of £146,924.

### 22. CAPITAL COMMITMENTS

There were capital commitments of £426,817 (2014 - £96,466) 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 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.



# Company balance sheet

as at 31st December 2015

	Note	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Investment property	3		<b>1,349,619</b>		1,264,551
Investments	4		<b>598,351</b>		512,351
			<b>1,947,970</b>		1,776,902
<b>Current assets</b>					
Debtors: due within one year	7	<b>31,507</b>		9,341	
Debtors: due after more than one year	8	<b>3,256,084</b>		3,430,282	
Cash at bank and in hand		<b>18,860</b>		49,966	
		<b>3,306,451</b>		3,489,589	
<b>Creditors: amounts falling due within one year</b>	9		<b>306,697</b>		308,027
<b>Net current assets</b>			<b>2,999,754</b>		3,181,562
<b>Total assets less current liabilities</b>			<b>4,947,724</b>		4,958,464
<b>Creditors: amounts falling due after more than one year</b>	10		<b>1,345,708</b>		1,373,857
Provisions for liabilities	11		<b>75,312</b>		52,288
			<b>3,526,704</b>		3,532,319
<b>Capital and reserves</b>					
Called up share capital	12		<b>360,000</b>		360,000
Capital redemption reserve			<b>180,000</b>		180,000
Retained earnings			<b>2,986,704</b>		2,992,319
Shareholders' funds			<b>3,526,704</b>		3,532,319

These financial statements were approved and authorised for issue by the board of directors on 21st April 2016 and signed on its behalf by:

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

**A. Q. Braime**, Director



## Company statement of changes in equity for the year ended 31st December 2015

	Capital Redemption Reserve £	Retained Earnings £	Total £
Balance at 1st January 2014	-	2,861,332	2,861,332
Comprehensive income for the financial year – profit	-	464,527	464,527
Cancellation of preference shares	180,000	(202,500)	(22,500)
Dividends paid	-	(131,040)	(131,040)
Balance at 31st December 2014	<b>180,000</b>	<b>2,992,319</b>	<b>3,172,319</b>
Comprehensive income for the financial year – profit	-	125,425	125,425
Dividends paid	-	(131,040)	(131,040)
Balance at 31st December 2015	<b>180,000</b>	<b>2,986,704</b>	<b>3,166,704</b>

The capital redemption reserve represents the nominal value of preference share capital repurchased by the company.

The retained earnings represents cumulative profit or losses net of dividends and other adjustments.

# Notes to the accounts

## 1. COMPANY INFORMATION

T.F. & J.H. Braime (Holdings) P.L.C. is a company limited by shares, incorporated in England & Wales. Its registered office is given on page 3. The company is a holding company. Details of the group's activities are provided on page 8.

## 2. ACCOUNTING POLICIES

### 2.1 Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 13 below for explanation of the transition.

The functional currency of the company is considered to be pounds sterling.

### 2.2 Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- The requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

### 2.3 Investment property

The investment property is shown at the most recent valuation. Any aggregate surplus or deficit arising from changes in value are recognised in the income statement of the company.

### 2.4 Financial instruments

The following assets and liabilities are classified as financial instruments – group balances, bank loans and investments in subsidiary undertakings.

Bank loans and group balances not repayable on demand, are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently at amortised cost using the effective interest method.

Group balances, being repayable on demand, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in subsidiary undertakings are measured at cost less impairment.

#### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date, if there is objective evidence of impairment, an impairment loss is recognised in the income statement as described below.

#### Non financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

#### Financial assets

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had the impairment not been recognised.



## Notes to the accounts continued

### 2.5 Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and that give rise to an obligation to pay more tax or a right to pay less tax in the future. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in different periods from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to the reversal of the timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

### 2.6 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 reported at the rate of exchange ruling at the balance sheet date. Exchange differences are recognised in the income statement in the period in which they arise.

### 2.7 Critical accounting judgements and sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

#### Valuation of investment property

As described in note 3 to the financial statements, investment property is stated in the balance sheet at fair value, based on the valuation performed by an independent professional valuer, Professional Valuation Technology LLC, with recent experience in the location and category of property valued. The year-end valuation was based on observable market prices.

#### Present value of group balances

Group balances not repayable on demand, are initially measured as the present value of the future payments discounted at a market rate of interest that would apply to similar debt instruments. This has been estimated by management based upon the UK group's current cost of borrowing from third party financial institutions.



## Notes to the accounts continued

### 3. INVESTMENT PROPERTY

	Land and buildings £
<b>Fair value</b>	
At 1st January 2015	1,264,551
Revaluation	85,068
At 31st December 2015	<u>1,349,619</u>

The investment property, which is all freehold was revalued to fair value at 31st December 2015 at £1,349,619 by Professional Valuation Technology LLC, an independent valuer with recent experience in the location and category of property being valued. The valuation is based on an open market value.

The historical cost of the investment property is £1,274,526.

### 4. INVESTMENTS

#### Subsidiary undertakings

	£
At 1st January 2015	512,351
Additions	100,000
Impairment	<u>(14,000)</u>
At 31st December 2015	<u>598,351</u>

The financing shortfalls arising from the effect of initially discounting future payments on group balances not repayable on demand have been recognised as an addition to the cost of the investment in the relevant subsidiary company in respect of balances receivable and as investment income received for group balances payable by the company.

Any increase in the value of the cost of the company's investments has been reviewed for indicators of impairment.

Subsidiary	Principal activity	Proportion of shares held 2015 and 2014	
		Ordinary Shares	Preference Shares
i Registered in and operating from England: Braime Pressings Limited	Manufacture of metal presswork	100%	100%
4B Braime 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: 4B France sarl	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%	-





## Notes to the accounts continued

### 5. EMPLOYEES

	2015	2014
	Number	Number
Office and management	<u>6</u>	<u>6</u>
	2015	2014
	£	£
<b>Directors' remuneration</b>		
Emoluments for qualifying service	<u>48,000</u>	<u>42,000</u>

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

### 6. PROFIT FOR THE FINANCIAL YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The company's profit for the year was £125,425 (2014 - £464,527).

### 7. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR

	2015	2014
	£	£
Other taxes	14,263	7,828
Prepayments	<u>17,244</u>	<u>1,513</u>
	<u>31,507</u>	<u>9,341</u>

### 8. DEBTORS: AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

	2015	2014
	£	£
Amount owed by a subsidiary company	<u>3,256,084</u>	<u>3,430,282</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Bank overdraft	163,870	184,666
Bank loan	100,000	40,000
Other taxes and social security costs	3,234	13,019
Trade creditors	14,736	33,935
Accruals	<u>24,857</u>	<u>36,407</u>
	<u>306,697</u>	<u>308,027</u>

Cross guarantees exist in respect of all group company bank borrowings. At 31st December 2015 the borrowings guaranteed by the company amounted to £883,072 (2014 - £1,365,314).



## Notes to the accounts continued

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

	2015	2014
	£	£
Bank loan	319,598	160,000
Amount owed to subsidiary companies	1,026,110	1,213,857
	<u>1,345,708</u>	<u>1,373,857</u>

The amounts owed to subsidiary companies are repayable on 3rd January 2017.

### 11. PROVISIONS FOR LIABILITIES

	2015	2014
	£	£
<b>Deferred tax liability</b>		
Accelerated capital allowances in excess of depreciation	-	52,288
Rolled over capital gains	60,000	-
Investment property fair value adjustment	15,312	-
	<u>75,312</u>	<u>52,288</u>
	<b>Deferred tax</b>	
	<b>£</b>	
Balance at 1st January 2015	52,288	
Charged to income statement during the year	23,024	
Balance at 31st December 2015	<u>75,312</u>	

Deferred tax has been recognised at a rate of 18% (2014 – 20%) based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

### 12. SHARE CAPITAL

	2015	2014
	£	£
<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 '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.

### 13. FIRST YEAR ADOPTION

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements prepared under the previous UK GAAP were for the year ended 31st December 2014 and the date of transition was therefore 1st January 2014. The only adjustments arising upon transition to FRS 102 are in respect of the measurement at their present value of group balances not repayable on demand. The financial effect of these adjustments is scheduled below.



## Notes to the accounts continued

### Reconciliations on adoption of FRS 102

		At 1st January 2014			At 31st December 2014		
	Note	As previously Stated £	Effect of transition £	FRS 102 (as restated) £	As previously Stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	1	1,615,546	76,971	1,692,517	1,609,246	167,656	1,776,902
Current assets	1	3,056,086	(87,806)	2,968,280	3,590,342	(100,753)	3,489,589
Creditors: amounts falling due within one year	1	(214,685)	-	(214,685)	(308,027)	-	(308,027)
Net current assets		<u>2,841,401</u>	<u>(87,806)</u>	<u>2,753,595</u>	<u>3,282,315</u>	<u>(100,753)</u>	<u>3,181,562</u>
Total assets less current liabilities		<u>4,456,947</u>	<u>(10,835)</u>	<u>4,446,112</u>	<u>4,891,561</u>	<u>66,903</u>	<u>4,958,464</u>
Creditors due after more than one year	1	(1,254,347)	29,567	(1,224,780)	(1,408,209)	34,352	(1,373,857)
Provisions for liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,288)</u>	<u>-</u>	<u>(52,288)</u>
Net assets		<u>3,202,600</u>	<u>18,732</u>	<u>3,221,332</u>	<u>3,431,064</u>	<u>101,255</u>	<u>3,532,319</u>
Total capital and reserves	1	<u>3,202,600</u>	<u>18,732</u>	<u>3,221,332</u>	<u>3,431,064</u>	<u>101,255</u>	<u>3,532,319</u>

### Notes to reconciliation on adoption of FRS 102

#### 1. Present value of group balances

Under previous UK GAAP group balances not repayable on demand were measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Under FRS 102 such balances are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently at amortised cost. Consequently, group balances receivable have been discounted by £87,806 and group balances payable by £29,567 as at 1st January 2014 and £100,753 and £34,352 respectively as at 31st December 2014.

The financing shortfalls on loans made to subsidiary companies has had the effect of increasing the investment in those subsidiaries, subject to impairment, by £76,971 as at 1st January 2014 and £167,636 as at 31st December 2014. The equivalent shortfalls on loans due to subsidiary companies have been recognised in the income statement. The cumulative adjustments through retained earnings are £18,732 as at 1st January 2014 and £101,255 as at 31st December 2014.



## Five year record

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Turnover	26,470	24,292	22,954	21,212	20,068
Profit from operations	897	1,236	1,075	659	1,294
Profit before tax	1,950	1,125	1,010	678	1,244
Profit after tax	1,542	782	752	427	814
Basic and diluted earnings per share	107.05p	54.31p	52.23p	29.64p	56.53p



# Explanatory notes of resolutions

The following notes give an explanation of the proposed resolutions. Resolutions 1 to 4 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.

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 2015 to the meeting.

#### **2. Confirmation of dividends**

To confirm the interim dividend on the ordinary and 'A' ordinary shares of 2.90p per share paid on 18th October 2015 and 6.20p per share paid on 12th May 2016.

#### **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, A. Q. Braime and C. O. Braime are retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election.

#### **4. 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.



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

