



# BRAIME GROUP PLC 2020



## Braime Group PLC

The Group is involved in the manufacture of metal presswork and the distribution of bulk material handling components. Our electronics division specialises in level controls, intelligent sensors and safety control systems for bucket elevators and conveyors.

The Group is headquartered in Leeds, United Kingdom, but also trades from locations in France, South Africa, Australia, Thailand, China and the United States.



**OVER 130 YEARS OF ENGINEERING EXCELLENCE**  
*BETTER BY DESIGN*

Front cover: Routine maintenance on the head of a bucket elevator

Above: Manufacture of elevator buckets in a 900 tonne injection moulding machine

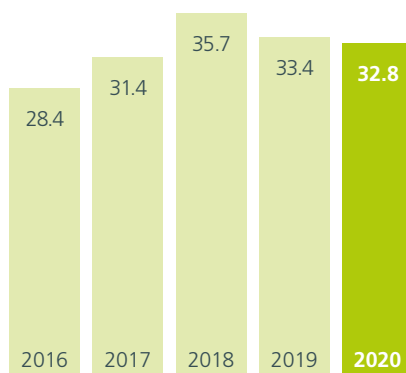
“In the quite exceptional circumstances which affected the Group globally, the result achieved was significantly better than we had dared hope.”

Nicholas Braime, Chairman

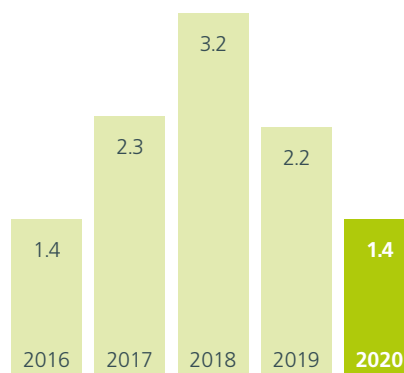
27th April 2021

# Financial Highlights 2020

Turnover (£m)



Profit from operations (£m)



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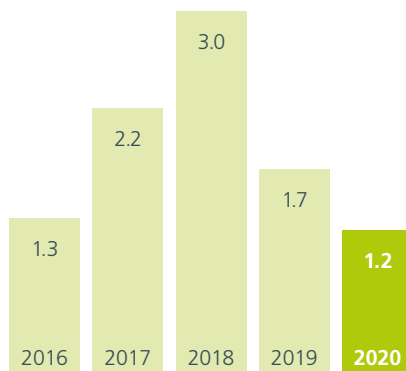
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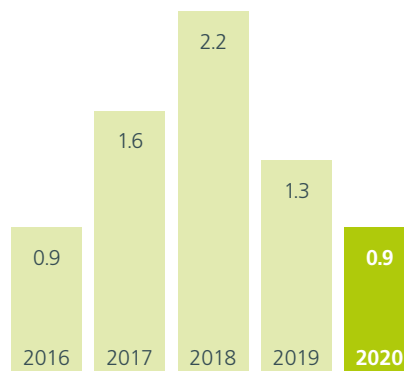
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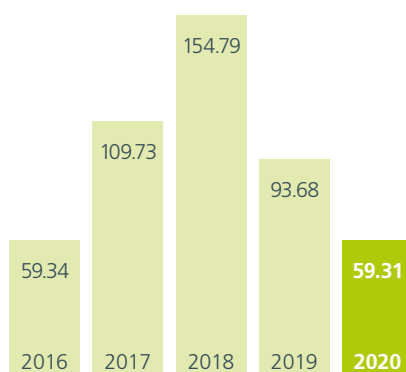
Profit before tax (£m)



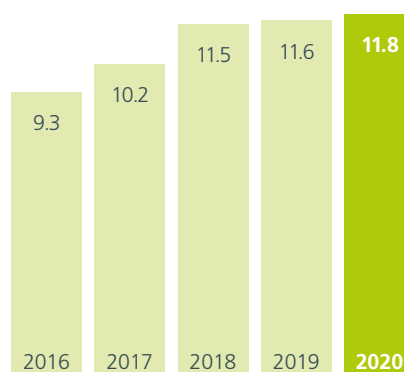
Profit after tax (£m)



Basic and diluted earnings per share (pence)



Dividend per share (pence)





# Group at a glance

## Principal activities

The Group manufactures deep drawn metal presswork and distributes material handling components and monitoring equipment. Manufacturing activity is delivered through Braime Pressings Limited and the distribution activity is through the 4B division.

## Our strategy

The main area of the business is the supply of goods and services for handling and processing industrial, and in particular, agricultural commodities. This sector is currently a growth industry with a global market. Our strategy is to invest in increasing our market reach while continuing to develop new products. Our latest subsidiary, 4B China, in Changzhou, Jiangsu province of China, was launched in 2018, having closely consulted on local opportunities with our key customers in the region.

We continue to enhance features of our secure, cloud based industrial monitoring solution, Hazardmon which is revolutionary for introducing greater levels of transparency and record keeping.

We will continue to investigate new geographical markets.

## Braime Pressings

Braime Pressings specialises in metal presswork, including deep drawing, multi-stage progression and transfer presswork. The business manufactures precision stamped components for the automotive and industrial sectors, with automation capabilities such as pick and place, roll threading, washing and robotic welding.



Braime Pressings has 130 years of manufacturing experience and a proven record of world class supply to the automotive industry and a range of other markets. It offers innovative solutions to customer requirements which exceed expectations on cost, quality and delivery.

- Deep Drawn Presswork
- Multi Stage Progression
- Transfer Presswork
- Robot Technology
- Sub Assembly

Braime Pressings prides itself on the maintenance and continual improvement of a full quality management system and is accredited to IATF-ISO.

For more information please visit: [www.braimepressings.com](http://www.braimepressings.com)

## 4B Group “Better by design”

The 4B division is an industry leader in developing high quality, innovative and dependable material handling components for the agricultural and industrial sector, from elevator buckets to forged conveyor chain and level monitors to hazard monitors. 4B works in close partnership with its customers on new designs and on the upgrade of existing elevators and conveyors machines.



The 4B division consists of the following companies:

- 4B Braime Components Limited, based in Leeds, UK
- 4B Elevator Components Limited, based in Morton, Illinois, USA
- 4B-France sarl, based in Lamotte Warfusee, France
- 4B Africa Elevator Components (Pty) Limited, based in Johannesburg, South Africa
- 4B Australia Pty Limited, based in Queensland, Australia
- 4B Asia Pacific Company Limited, based in Samutprakam, Thailand
- 4B Braime (Changzhou) Industrial Control Equipment Co Limited, based in Changzhou, China

For more information please visit: [www.go4b.com](http://www.go4b.com)



#### Seamless Steel Buckets

Braime Pressings have manufactured pressed seamless steel buckets and supplied them worldwide to the bulk material handling sector for over 120 years. The buckets, including the Company's "Starco™" and "Super Starco™" models, have been designed after extensive research and development and offer a range of alternative styles to suit the different individual materials being conveyed and achieve the optimum fill, effective discharge and throughput over a wide speed range.



#### Pressings

Braime Pressings is equipped with 5 transfer presses, each with up to 8 stations, as well as numerous single station and progression presses, fed by coil, and including robotic transfer of product where appropriate. The range of equipment includes both mechanical and hydraulic presses with capacities up to 500T, as well as ancillary forming and welding machinery.



#### Deep Seamless Enclosures and Large Panels

Production includes deep drawn pressings up to 500mm deep, as well as large panels up to 2.4 meters long. The Company manufactures to the highest quality standards required by the automotive and other industry sectors and holds annual accreditation to: IATF 16949:2016 ISO 9001:2015



#### Elevator Bolts

Braime Pressings manufactures bolts and fasteners, used in bulk material handling to attach elevator buckets to vertical conveyors which are used in the storage and processing of agricultural products, such as cereals, animal feed, and sugar, and equally for moving industrial commodities, such as aggregates, cement, coal and glass cullet. The bolts are cold forged making them exceptionally strong.



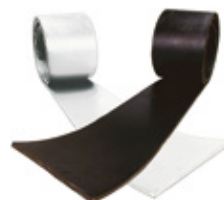
#### Elevator Buckets

4B has the world's largest range of elevator buckets used for conveying bulk materials. With over 400 different sizes and styles, 4B supplies steel and plastic elevator buckets for both agricultural applications such as grain, feed, seeds, and sugar and industrial applications such as cement, glass, aggregates and coal.



#### Electronic Monitoring

4B offers an extensive range of monitoring equipment and sensors for bucket elevators, belt and chain conveyors, screw conveyors and silos. 4B's sensors and monitors have worldwide approvals for use in dust hazardous environments. Our sensors and hazard monitoring systems are designed to reduce the risk of fires and explosions, and prevent breakdowns that result in costly down time.



#### Elevator Belting

4B has a wide range of elevator belting to suit all applications. Belt types include anti-static, abrasion-resistant, high temperature, oil resistant and flame retardant and steel web belting for the toughest environments. Belts are supplied slit, cut to length and punched to customer requirement.



#### Dropped Forged Conveyor Chain

4B is a manufacturer of drop forged chain for agricultural and industrial applications. 4B's superior heat treatment technique provides the optimum chain link with a more resilient ductile core for shock resistance, and an extremely hard exterior surface for superior wear resistance, ideal for handling ash, cement, gypsum, coal and wood chips. 4B offers a range of conveyor sprockets and trailers and nylon or welded flights.

# Chairman's statement



**Nicholas Braime**  
Chairman

## Overview of the year

Group sales revenue in 2020 reduced marginally by 2% from £33.4m to £32.8m but the profit before tax fell by over 30% from £1.75m in the previous year to £1.2m in 2020. The disproportionate reduction in the profit before tax was due in part to the strengthening in the value of Sterling against the currencies in our principal markets but also due to the much higher costs of maintaining production and sales during the COVID pandemic.

In normal circumstances, the result in 2020 would be very disappointing but in the quite exceptional circumstances which affected the Group globally throughout 2020, the result achieved was significantly better than we had dared hope for during much of the year. Throughout the crisis, we achieved our twin aims of maintaining the full employment of our valued staff, while consistently continuing to supply our vital customer base.

We were only able to achieve this due to two factors; firstly the work and enterprise of our management teams across all parts of our Group, who successfully adapted our working practices and put in place measures which minimised the risk to our employees of continuing to work in very difficult circumstances; secondly, the courage and the flexibility of our employees themselves in continuing to work throughout the year and their willingness to work the extra hours asked of them in order to compensate for the hours lost by unavoidable absences or quarantine. As always, and even more so in 2020, we depend on the efforts and the huge contribution made by all our employees.

Having survived as a business through the past very challenging 12 months, we are starting this new year with a lot of renewed positivity. The Group remains in a solid position financially; this enables us to continue to invest in the future and in our ongoing plans to secure more business through continually improving our operations and our products.

## Capital investments

During the pandemic, we worked hard to preserve our working capital resources and in 2020 we generated £2.7m from our operations, compared to £1.7m in the previous year.

Nevertheless, we invested during the year a total of £2.1m, of which £1.5m was spent on building our new €2.2m sales and distribution facility in France which we announced last year. We had planned to occupy the new facility by February 2021 but construction was delayed by the COVID restrictions and we now plan to re-locate during May this year.

We also continued the major investment, started in 2019, in another robotic production cell and took advantage of an opportunity to purchase at auction, and refurbish internally, a very large wide coil fed 400 tonne mechanical press. Installation and commissioning of the latter investment enabled us to take on specific new work in December.

Meanwhile we continue to invest time and energy in the development of new products, including some which will be launched later this year. We fund these development activities out of our profits.

## Dividend

In October 2020, the Company paid a first Interim dividend of 4.0p. Given what we believe was a very positive result in exceptional circumstance, and the strength of our overall financial position, the board proposes to pay a second interim dividend of 7.8p, making a total of 11.8p for the year, compared to 11.6p in 2019.

The second dividend of 7.8p will be paid on the 25th of May 2021 to the holders of the Ordinary and 'A' Ordinary shares on the share register on 7th May 2021. The ex-dividend date is 6th May 2021.

## Free Trade Agreement with the EU

We were pleased that, at the very last minute, economic "common sense" prevailed and a mutually beneficial Free Trade Agreement was signed between the UK and the EU.

Although around three-quarters of our group sales are made outside the EU, the European economic area remains a very important market for us. As a result of the trade agreement, even when our exports to the EU include raw materials sourced globally, our valued European customers can continue to purchase our products duty free. Equally important, the Free Trade Agreement enables us to continue to purchase and re-export supplies sourced from existing partners in the EU.

We are fortunate that as a company we are well used to the preparation of the standard documentation required to export globally. Apart from one or two "hiccups" in the first weeks of January, while we adapted our documentation to meet the new EU requirements, our exports and imports to and from the EU have continued seamlessly. The final resolution of this long-standing issue will also now allow us to reduce the high levels of stocks built up in our businesses, both in the UK and France, in order to mitigate the situation in a worst-case scenario.

### Important information regarding the AGM

The Company is closely monitoring public health guidance and legislation issued by the UK government in relation to the COVID pandemic. At the time of writing, the government continues to place restrictions on mass gatherings and social contact. However, it is expected shareholder attendance will be possible under the government's published roadmap and we are therefore proposing to go ahead with an open meeting. Shareholders intending to attend the AGM are asked to register their intention as soon as possible by emailing [investor@braime.co.uk](mailto:investor@braime.co.uk).

The health and safety of our colleagues and shareholders is very important to us. Given the constantly evolving nature of the situation, should circumstances change such that we consider it is no longer possible for shareholders to attend the meeting or limiting the numbers in attendance is required, we will notify shareholders through the Company's website [www.braimegroup.com](http://www.braimegroup.com) and, where appropriate, by a Regulatory News Service announcement.

For the same reason of uncertainty, we strongly encourage all shareholders to exercise their votes by submitting their proxy by post in advance of the meeting and shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy. Details of how to do this are set out in the accompanying notes to the Notice on page 67. This will ensure that your votes are cast in accordance with your wishes.

Irrespective of the guidelines in place at the time of the 2021 AGM, we understand that some shareholders may not wish to travel but may still wish to ask questions of the board. Any questions should be emailed to [investor@braime.co.uk](mailto:investor@braime.co.uk) in advance and we will endeavour to add a synopsis of all questions and answers to our website shortly after the meeting.

### Current trading, outlook, and risks

We have continued to support our customers worldwide throughout the pandemic, and have proved the resilience of our business. Hopefully we are now finally emerging in a relatively strong position, and do so with renewed enthusiasm.

In spite of the major difficulties and challenges faced in 2020, we have learnt valuable lessons on how to adapt our processes to continue communication with our customers without direct contact. However, the substantial improvements we have made this year to maintain "virtual" contact with our customers will never replace the importance of visiting and meeting our customers face to face and we will re-commence direct customer contact and our participation in trade exhibitions at the earliest opportunity. Our business has been built on the lessons learnt and the ideas created by close and regular contact with our customers and all our product development is rooted in this process.

Meanwhile, we have still been able to continue to invest time and resources to improve our operations and develop new products, and this remains our long-term strategy. Although the intake of new orders remains patchy, overall, we can see a gradual increase in confidence and in the number of new projects generated by our customers worldwide.



4B France's new facility, located near Amiens

Currently a major area of concern across the Group is the sudden steep increase in the cost of raw materials and the related issue of longer delivery times of both inbound raw materials and outbound deliveries to customers; both have been caused by the COVID pandemic which has led to a major imbalance in container traffic and deep-sea shipping. Adjusting to constantly fluctuating material costs, while continuing to remain competitive and retain our customers without seriously eroding our margins, is a going again to be a challenging and time-consuming process.

Our product mix is well balanced and one of our strengths and is made up by the combination of the manufacture of components for commercial vehicles and the manufacture and distribution of components used in the material handling and processing of granular commodities, particularly food related. As a Group our worldwide sales are weighted towards regions which offer the potential for significant long-term growth.

Over 80% of Group sales are made in overseas markets and a significant proportion of our products are still manufactured and exported from the UK but sold in local currencies. In recent years, the Group has benefited from a gradual decline in the value of Sterling and this has increased our ability to compete. In contrast, we remain exposed to any sudden strengthening of the Pound. This point has been made before but it remains very pertinent.

**Nicholas Braime**, Chairman

27th April 2021



# Group strategic report

The directors present their strategic report of the Company and the Group for the year ended 31st December 2020.

## Principal activities

The principal activities of the Group during the year under review was the manufacture of deep drawn metal presswork and the distribution of material handling components and monitoring equipment. Manufacturing activity is delivered through the Group's subsidiary Braime Pressings Limited and the distribution activity through the Group's 4B division.

Braime Pressings specialises in metal presswork, including deep drawing, multi-stage progression and transfer presswork. Founded in 1888, the business has over 130 years of manufacturing experience. The metal presswork segment operates across several industries including the automotive sector and supplies external as well as group customers.

The subsidiaries within the 4B division are industry leaders in developing high quality, innovative and dependable material handling components for the agricultural and industrial sectors. They provide a range of complementary products including elevator buckets, elevator and conveyor belting, elevator bolts and belt fasteners, forged chain, level monitors and sensors and controllers for monitoring safety and providing preventative maintenance systems which facilitate handling and minimise the risk of explosion in hazardous areas. The 4B division has operations in the Americas, Europe, Asia, Australia and Africa and in 2020 traded in ninety-seven countries. The US subsidiary also has an injection-molding plant. All injection-molded products are made wholly for internal consumption and this is classed as 4B division activity rather than included in the manufacturing segment.

## Performance highlights

For the year ended 31st December 2020, the Group generated revenue of £32.8m, down £0.6m from prior year. Profit from operations was £1.4m, down £0.8m from prior year. EBITDA was £2.7m. At 31st December 2020, the Group had net assets of £15.0m. The full year results are better than expectations at the half-year, when there was even greater uncertainty facing the global business as a result of the COVID-19 pandemic and ensuing lockdown. The Group benefitted from the forgiveness of £0.4m of the government loan which we reported in the half year had been received by our US subsidiary. The loan was forgiven after the business demonstrated that it had maintained its employee numbers despite a reduction in sales from the pandemic.

## Cash flow

Inventories increased by £0.3m as the business judiciously prepared for the United Kingdom's departure from the EU by building up a buffer of certain inventory lines, and trade and other receivables increased by £0.4m reflecting increased customer activity close to the year end for the same reason. These were more than offset by an increase in our trade and

other payables of £0.9m. In total the business generated funds from operations of £2.7m (2019 – £1.7m). The group continued its programme of investment during the year, spending £2.1m on capital items; £1.5m of this was on the construction of the new warehouse in France which was announced by the Group in our 2019 annual report. After the payment of other financial costs and the dividend, the cash balance (net of overdraft) was £1.2m, an increase of £0.5m from the prior year.

## Bank facilities

The Group's operating banking facilities are renewed annually. As announced early last year, the €2.2m French warehouse construction is being funded largely through the procurement of a syndicated loan of €1.7m from BNP and Credit du Nord and the remaining from Group cashflows. Our facility with HSBC provides ample headroom for the Group to make the necessary investments in the year. The business continues to enjoy good relations with its bankers who are cognizant of the general economic uncertainties facing the business as the global economy continues to suffer from the effects of the pandemic.

## Taxation

The tax charge for the year was £0.3m, with an effective rate of tax of 28.5% (2019 – 23%). The effective rate is higher than the standard UK tax rate of 19% (2019 – 19%), this results from the blending effect of the different rates of tax applied by each of the countries in which the Group operates, in particular, our US operations' tax charge affects the blended rate. In any financial year the effective rate will depend on the mix of countries in which profits are made, however the Group continues to review its tax profile to minimise the impact.

## Capital expenditure

In 2020, the Group invested £2.1m (2019 – £1.7m) in property, plant and equipment. In addition to £1.5m of the French warehouse construction, the Group also invested in a 400 ton press, an automated tap plate assembly, more robotics and expanded its bucket tooling portfolio.

## Balance sheet

Net assets of the Group have increased to £15.0m (2019 – £14.3m). A foreign exchange loss of £0.1m (2019 – £0.3m) was recorded on the re-translation of the net assets of the overseas operations, which has decreased retained earnings in the year.

## Principal exchange rates

The Group reports its results in sterling, its presentational currency. The Group operates in six other currencies and the principal exchange rates in use during the year and the comparative figures for the year ending 31st December 2019 are shown in the table below. Following the exit of the UK from the EU, sterling strengthened against many of the currencies in which we operate and consequently as mentioned above the Group's reserves decreased by £0.1m from losses in foreign currency translations.



## STRATEGY DRIVERS

### ENGINEERING LED



Engineering led business focused on the needs of the end user

### IDENTIFY OPPORTUNITIES



Identify opportunities to suit local conditions and local markets

### STRONG RELATIONSHIPS



Strong relationships with long term partners

### LONG TERM



Long term outlook – continuing to invest in designs and new machinery

### VALUED EMPLOYEES



Place value on employee engagement – loyalty and creativity and entrepreneurship

## Principal exchange rates

Currency	Symbol	Average rate Full year 2020	Average rate Full year 2019	Closing rate 31st Dec 2020	Closing rate 31st Dec 2019
Australian Dollar	AUD	1.867	1.840	1.763	1.883
Chinese Renminbi (Yuan)	CNY	8.880	8.810	8.890	9.150
Euro	EUR	1.126	1.144	1.112	1.177
South African Rand	ZAR	21.309	18.453	20.030	18.548
Thai Baht	THB	40.404	39.578	40.838	39.346
United States Dollar	USD	1.290	1.281	1.365	1.321

## Our business model

The two segments of the Group are very different operations and serve different markets, however together they provide diversification, strength and balance to the Group and their activities.

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.

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

Braime Pressings Limited sales of £6.8m were in line with prior year. Intercompany sales and external sales were £3.0m and £3.8m as compared to £3.4m and £3.4m respectively in 2019. Loss for the period was £0.2m (2019 – loss £0.3m). The manufacturing arm continues to face pricing pressures in a highly competitive environment. At the start of 2020 the business further invested in sales development, however, activities were restricted by the government-imposed lockdowns which prevented visits to customer premises. The board believes the business continues to add strategic value through its supply to the 4B division and complementary engineering expertise.

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

Revenues fell from £36.2m to £34.2m, with external sales down £1.0m. The 4B group sales were affected by the COVID pandemic with the geographical regions of the Americas and Africa being particularly affected with sales decreasing by £1.0m and £0.4m respectively. The European market by contrast increased by £0.8m compared to 2019. Profit for the period fell by £0.3m to £1.4m as a result of reduced sales.

We continue to invest in product development and during the year we launched our internet ethernet node remote monitoring interface (IE-NODE); this provides a visual view of all devices on the network, allowing for easy identifying of each unit of the network and for settings to be readily changed as needed. In 2020 we launched our unique and patented round bottom version of the popular Bolt-N-Go, which makes it much easier to install, replace and maintain chain compared to conventional welded steel chain.

The COVID-19 pandemic continues to cast uncertainty over the global economy. The new ways of working too, following Brexit will take some time to iron out and there will be some disruption to supply chains which may continue well into the year. The board is pleased with business performance in 2020 given the challenging environment. The Group's underlying business model is on a solid base and its wide geographical presence in the agricultural equipment sector, which is essential for the maintenance of food supply, provides it with some buffer in the continuing unsettled economic climate. With the continuing support of its bankers, the loyalty of its dedicated employees and its longstanding customers and partners, the Group remains positive it will weather these adversities.

# Group strategic report (continued)

## Key performance indicators

The Group uses the following key performance indicators to assess the performance of the Group as a whole and of the individual businesses:

Key performance indicator	Note	2020	2019
Turnover growth	1	(1.9%)	(6.4%)
Gross margin	2	46.7%	49.1%
Operating profit	3	1.38m	£2.21m
Stock days	4	182 days	176 days
Debtor days	5	56 days	57 days

## Notes to KPIs

### 1. Turnover growth

The Group aims to increase shareholder value by measuring the year on year growth in Group revenue. Whilst 2020 is down on the prior year, the board consider the results to be very positive given the global pandemic.

### 2. Gross margin

Gross profit (revenue plus change in inventories less raw materials used) as a percentage of revenue is monitored to maximise profits available for reinvestment and distribution to shareholders. The reduction in margin reflects pressures on the supply chain.

### 3. Operating profit

Sustainable growth in operating profit is a strategic priority to enable ongoing investment and increase shareholder value. Reduced turnover has impacted operating profit which has also been affected by sterling strengthening.

### 4. Stock days

The average value of inventories divided by raw materials and consumables used and changes in inventories of finished goods and work in progress expressed as a number of days is monitored to ensure the right level of stocks are held in order to meet customer demands whilst not carrying excessive amounts which impacts upon working capital requirements. Stockholding has increased due to inventory build-up in December 2020 to mitigate the impact of any disruption caused by the United Kingdom finally leaving the EU.

### 5. Debtor days

The average value of trade receivables divided by revenue expressed as a number of days. This is an important indicator of working capital requirements. Debtor days have improved from the position at the half year and management are focusing on reducing this to improve cashflows.

Other metrics monitored weekly or monthly include quality measures (such as customer complaints), raw materials buying prices, capital expenditure, line utilisation, reportable accidents and near-misses.

## Principal risks and uncertainties

### Coronavirus COVID-19

At the time of writing, the global number of cases of COVID-19 infections remains high. Cases in the Far East and Australia have declined and the US and UK governments' rapid roll out of the COVID-19 vaccine programme and the published roadmap in the UK for easing the current lockdown restrictions provide grounds for optimism that some normality may resume by the summer. At the same time, however, the rest of Europe is experiencing a rise in infection cases and there is a threat that new variants, resistant to the current vaccines, could emerge. COVID-19 therefore remains a business threat and presents itself in various forms, including but not limited to the threat of continuity of supplies, the health of our employees, the ability of customers to meet payments, currency fluctuations and business interruption resulting from government interventions and hastily introduced travel restrictions.

The Group has demonstrated its ability to maintain activity during these unprecedented times but clearly the global pandemic has impacted sales. The Group supplies essential components parts into the agricultural materials handling sector and during 2020 governments took necessary steps to protect the food supply chain and our operations were classified as operations that had to remain open. Nevertheless, threats emerge from key personnel becoming infected with the virus, suppliers being unable to fulfil orders, be it raw materials or inventory supplies or logistics partners unable to conduct deliveries. The Group has put in place significant health and safety measures to maintain operations, including the retraining of personnel in key processes, social distancing and reviewing alternative suppliers. The Group's key objective is to ensure the safety and well-being of our employees, while continuing to trade as normally as possible.

### General risks

The market remains challenging for our manufacturing division, 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.

Our 4B division maintains its competitive edge in a price sensitive market through the provision of engineering expertise and by working closely with our suppliers to design and supply innovative components of the highest standard. In addition, ranges of complementary products are sold into different industries. The monitoring systems are developed and improved on a regular basis.

The directors receive monthly reports on key customer and operational metrics from subsidiary management and review these. The potential impact of business risks and actions necessary to mitigate the risks, are also discussed and considered at the monthly board meetings. The directors have put in place formal business continuity and disaster recovery plans with respect to its UK and US operations.

The more significant risks and uncertainties faced by the Group are set out below:

- **Raw material price fluctuation:** The Group is exposed to fluctuations in steel and other raw material prices and to mitigate this volatility, the Group fixes its prices with suppliers where possible.
- **Reputational risk:** As the Group operates in relatively small markets any damage to, or loss of reputation could be a major concern. Rigorous management attention and quality control procedures are in place to maximise right first time and on time delivery. Responsibility is taken for ensuring swift remedial action on any issues and complaints.
- **Damage to warehouse or factory:** Any significant damage to a factory or warehouse will cause short-term disruption. To mitigate these risks, the Group has arrangements with key suppliers to step up supply in the event of a disruption.
- **Brexit impact:** The UK finally left the EU at the end of 2020. A trade agreement has been struck with the EU and whilst this has alleviated much of the immediate uncertainty surrounding a no-deal scenario, the finer details of the agreement remain to be negotiated and some aspects of the trade deal are on transitional arrangements only. The Group, along with other businesses, faces economic and political uncertainty in the future resulting from changes to these details as yet unknown. However, the directors consider that its operations in Europe provide the group with further trading options and the fact that three-quarters of the Group's revenues are derived from markets outside the EU provides the Group with some resilience to any impact.
- **Economic fluctuations:** The Group derives a significant proportion of its profits from outside the UK and is therefore sensitive to fluctuations in the economic conditions of overseas operations including foreign currency fluctuations. As the COVID-19 pandemic has demonstrated, economies are greatly intertwined and reverberations feed through the supply chain.

## Financial instruments

The operations expose the Group to a variety of financial risks including the effect of changes in interest rates on debt, foreign exchange rates, credit risk and liquidity risk.

The Group's exposure in the areas identified above are discussed in note 17 of the financial statements.

The Group's principal financial instruments comprise sterling and foreign cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from operations. The main risks arising from the Group's financial instruments can be analysed as follows:

### Price risk

The Group has no significant exposure to securities price risk, as it holds no listed equity instruments.

### Foreign currency risk

The Group has a centralised treasury function which manages the Group's banking facilities and all lines of funding. Forward contracts are on occasions used to hedge against foreign exchange differences arising on cash flows in currencies that differ from the operational entity's reporting currency.

### Credit risk

The Group's principal financial assets are bank balances, cash and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is mitigated by a stringent management of customer credit limits by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Group also has credit insurance in place. The amounts presented in the balance sheet are net of allowance for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Liquidity risk

The Group's policy has been to ensure continuity of funding through acquiring an element of the Group's fixed assets under medium term loans and finance leases and arranging funding for operations via bank overdrafts to aid short term flexibility.

### Cash flow interest rate risk

Interest rate bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Group's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows.

The directors monitor the level of borrowings and interest costs to limit any adverse effects on the financial performance of the Group.

## Health and safety

We maintain healthy and safe working conditions on our sites and measure our ability to keep employees and visitors safe. We continuously aim to improve our working environments to ensure we are able to provide safe occupational health and safety standards to our employees and visitors. The directors receive monthly H&S reports and we carry out regular risk management audits to identify areas for improvement and to minimise safety risks. Our H&S manager has been involved in formulating plans and procedures in the event of an outbreak of the COVID-19 virus in our premises. As part of our precautionary measures we have introduced social distancing and hand sanitisers in our factory and those able to work from home are enabled to do so. As a global business, the Group is able to tap into the experience of its various international locations to share best practice and learning points.



# Group strategic report (continued)

## Research and development

The Group continues to invest in research and development and regularly liaises with university engineering groups with a view to improving features of its products. This has resulted in innovations in the products which will benefit the Group in the medium to long term.

## Duties to promote the success of the Company

Section 172 of the Companies Act 2006 requires the directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the most likely consequences of any decision in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between the members of the Company.

The board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the directors have fulfilled their duties are set out below and in the Governance Report which in particular, expands on directors' duties and stakeholder liaison.

## Business ethics and human rights

The board is respectful of the Company's long history, and considers the long-lasting impact of its decisions. We are committed to conducting our business ethically and responsibly, and treating employees, customers, suppliers and shareholders in a fair, open and honest manner. As a business, we receive audits by both our independent auditors and by our customers and we look to source from suppliers who share our values. We encourage our employees to provide feedback on any issues they are concerned about and have a whistle-blowing policy that gives our employees the chance to report anything they believe is not meeting our required standards.

The Group is similarly committed to conducting our business in a way that is consistent with universal values on human rights and complying with the Human Rights Act 1998. The Group gives appropriate consideration to human rights issues in our approach to supply chain management, overseas employment policies and practices. Where appropriate, we support community partnering.

## 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. As a global business, the Group fully recognises and seeks to harness the benefits of diversity within its work force. The Group is grateful to its employees for continuing to come to work in what has been a worrying time for themselves and their families.

## 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. The Group continuously looks for ways to harness energy reduction (electricity and gas) and water. The Company has installed a 190KW solar system on its UK premises and is currently seeking permission from the national grid to extend our installation of solar panels. The Group is conducting an energy audit of its principal plant and property with the help of energy consultants to understand ways of reducing our energy consumption and operating in an environmentally sustainable manner. During the period of this report the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

## Social and community matters

We recognise our responsibility to work in partnership with the communities in which we operate and we encourage active employee support for their community in particular, in aid of technical awareness and training. We regularly participate in a number of education events encouraging interest in engineering in young people. It is our policy not to provide political donations.

On behalf of the board

**Cielo Cartwright**, Group Finance Director  
27th April 2021

# The Board



**Nicholas Braime**

Chairman

Nicholas Braime was appointed Chairman in 1987. He joined the Group in 1972 and was instrumental in the set-up of the 4B division's USA business in 1984, where he spent a number of years before returning as Sales Director for Braime Pressings Limited. Nicholas is also the Group Managing Director and is responsible for overseeing the overseas subsidiaries, with the managing directors of these businesses reporting to Nicholas. Nicholas has built close relationships with the Company's key suppliers over several decades and has a clear vision of expansion for the business in strategic locations.



**Alan Braime**

Group Commercial Director

Alan Braime is the Group Commercial Director. Alan qualified as a chartered accountant with KPMG where he worked for four years before joining the Group. Alan joined the board in 2010. Alan oversees the commercial operations of Braime Pressings Limited and is also responsible for the Group's IT operations and strategy. Alan has spent considerable time on the implementation and development of the Group's ERP systems, giving him a unique perspective into the impact of technology on the Group's business drivers.



**Carl Braime**

Group Sales Director

Carl Braime is the Group Sales Director. Carl joined the Group in 2003 and spent a number of years in South America with the Group prior to being appointed to the board in 2010. He is responsible for overseeing strategic customer relationships, as well as the management of key supply chains in the 4B division. Carl has built up a strong expertise and know-how of the Group's product offerings and technologies, and their interdependencies.



**Cielo Cartwright**

Group Finance Director

Cielo Cartwright, Group Finance Director, joined the Group in 2018. Cielo qualified as a chartered accountant with EY and has been divisional finance director in various public listed companies including KCOM plc and NEXT plc. She was Group FD of Chaucer Foods, a private-equity owned multinational manufacturer and before joining the Group, she was at Froneri, a JV of Nestle SA. Cielo's extensive experience in international businesses makes her fully attuned to the cultural issues of global operations and their impact on financial management. Cielo is on the board of governors of Leeds Beckett's University and is a member of the regional advisory board of Make UK for Yorkshire and the Humber.



**Andrew Walker**

Non-executive

Andrew Walker, non-executive, is a corporate lawyer. He was the Managing Partner of Simpson Curtis, Senior Partner of Pinsent Curtis, Leeds and former President of the Leeds Chamber of Commerce. Andrew has held a number of non-executive and trustee roles. Andrew is particularly interested in governance matters and his legal training makes his contribution to the discussion of risks particularly valuable.



**Peter Alcock**

Non-executive

Peter Alcock, non-executive, is a mechanical engineer and brings a deep understanding of engineering processes having been, for 32 years, director of Hunslet Holdings PLC, a key manufacturer of locomotives, mining equipment and machine tools originally founded in 1864 and whose operations now form part of the Wabtec Corporation in the US. Peter is the Senior Independent Director.

# Corporate governance report

## Chairman's statement on corporate governance

At Braime we recognise that high standards of corporate governance underpin our continuing success.

We continually review the framework within which we operate and the processes implemented to ensure that they reflect the complexities of our business and, whilst acknowledging our size, are also capable of adding value as the business grows to ensure that the stakeholders interests are always aligned with the Company. The Company seeks guidance from the Quoted Companies Alliance, as set out in their publication, "The QCA Corporate Governance Code".

The board sets out the overall strategic direction for the Group, regularly reviews management performance and ensures that the Group has the right level of resources available to support our strategic goals. The board is satisfied that the necessary controls and resources are in place such that these responsibilities can be properly addressed.

Within the Group we promote a culture of good governance in dealing with all key stakeholders: our employees, our customers and our shareholders. The following report describes our corporate governance structures and processes and how they have been applied throughout the year ended 31st December 2020. The board considers that it has complied with the recommendations of the QCA Code throughout the year with the exception of the role of Chairman and chief executive being fulfilled by a single individual, this is commented on further below.

## Principles and approach

As an AIM company, Braime Group PLC is not required to comply with the UK Corporate Governance Code (the 'Code') which applies only to fully listed UK companies and adherence to which requires the commitment of significant resources and cost. However high standards of corporate governance are a key priority of the board. Details of how the Company addresses key governance issues by reference to the 10 Principles of Corporate Governance as developed by the Quoted Companies Alliance (QCA) are discussed further in this report and set out in the Corporate Governance section of the Group website [www.braimegroup.com/corporate-governance](http://www.braimegroup.com/corporate-governance). These principles are as follows:

1. Establish a strategy and business model which promote long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long term success
4. Embed effective risk management considering both opportunities and threats
5. Maintain the board as a well functioning balanced team led by the chair
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

8. Promote a culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision making
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

## Strategy and risks

The Strategic Report on pages 6 to 10 sets out our strategy, which focuses on increasing our geographical reach in global markets, and developing new products to enhance our offering, particularly in the agricultural commodities sector. Our strategy setting includes review of the principal risks pertaining to the business and the extent to which the Group is able and willing to bear these risks. The board has put into place formal business continuity plans in its larger operations to understand its exposure to loss of key staff, suppliers, customers and other natural catastrophic events, enabling the generation of a risk register. The existence of this plan was particularly helpful at the onset of the COVID-19 pandemic. The principal risks facing the business are set out on pages 8 and 9 of the Strategic Report. Insurance of key risks is an integral part of the group's risk management framework, and the board actively reviews its cover requirements on an ongoing, and at least annual, basis.

## The duties of the board of directors

The board is responsible for the overall operations of the Group, including strategic planning, approval of the annual budget, changes to the Group's financing arrangements, acquisitions and disposals, material contract and significant capital expenditure. It meets monthly to discuss reports from the overseas operations and to assess and action areas of significant change, risks and opportunities for the Group.

The board's time can be grouped into six key areas as outlined below. A portion of their time is also spent on administrative matters.

<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Setting strategic targets.</li> <li>• Reviewing new business developments, including potential acquisitions.</li> <li>• Research and technology.</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• Group's risk and internal control framework.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Legal updates and new disclosure requirements.</li> <li>• Internal board review.</li> <li>• Succession planning.</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>• Budget approval.</li> <li>• Oversight of the preparation and management of the financial statements.</li> <li>• Dividend policy.</li> <li>• Pensions strategy.</li> </ul>
<b>Stakeholder engagement</b>	<ul style="list-style-type: none"> <li>• AGM and other shareholder feedback.</li> <li>• Investor calls and meetings.</li> </ul>
<b>Safety</b>	<ul style="list-style-type: none"> <li>• Health and safety monthly updates and management.</li> </ul>



The powers of the directors are set out in the Company's Articles of Association. In addition, the directors have responsibilities and duties under legislation, in particular the Companies Act 2006.

### Composition of the board

During the year ended 31st December 2020 the board comprised 4 executive directors and 2 non-executive directors. The Group Financial Director also serves as Company Secretary to the board.

The board members' experience and areas of expertise can be found in the board biography section on page 11. The board is committed to the promotion of gender balance and diversity within its workforce. There are currently three male executive members and one female executive board member and two male non-executive independent board members.

The Company has periodically held briefings for directors covering regulations that are relevant to their role as directors of an AIM quoted company. Historically, these briefings have coincided with significant changes in regulations and accounting standards, however going forward, the Company proposes that such briefings should be held at a minimum on an annual basis. The Company has not sought external advice on keeping directors' skills up to date but the directors believe that their blend of formal qualifications, past and ongoing experience provides them with the relevant up-to-date skills needed to act as board members for a company of its size.

### Board committees

The board operates a number of committees as set out below, these are also available on the Group website.

#### Remuneration committee

The executive directors' pay is subject to the decision of the whole board and not of a separate committee. However, a separate meeting takes place annually whereby the non-executives receive and consider recommendations from the Chairman of proposed pay for the executive directors. Any significant changes to awards to senior management are also discussed by the whole board. The Company's policy on directors' remuneration is discussed further in the directors' remuneration report. The directors believe this is adequate for a group of this size.

#### Audit and risk committee

The whole board formally receives presentation of audit and risk matters from the Group's independent statutory auditors at least once a year. The consideration of business risks is a standing item on the board's agenda. The board considers that the size of the Group does not justify an internal audit function but continues to assess the requirement for an internal audit function under review.

#### Nomination committee

The Company uses the whole board to consider matters of nomination and succession. The nomination committee ensures there is a robust process for the appointment of new board directors, and works to identify the skills, experience, personal qualities and capabilities required for the next stage in the Company's development, linking the Company's strategy to

future changes. The nomination committee also discusses the appointment and replacement of senior management within the Group.

### Responsibilities of the board

The board members are collectively and legally responsible for promoting the interests of the Company and for defining corporate governance arrangements. Ultimately, the quality of and approach to governance lies with the chair. The QCA Code recommends that there should be a clear division of responsibility between the running of the board and executive responsibilities for running the Company.

The Chairman is responsible for:

- setting the board agenda;
- the leadership of the board and ensuring its effectiveness on all aspects of its role;
- providing strategic insight from his long business experience in the industry and with the Company; and
- providing a sounding board for the executives on key business decisions and challenging proposals where appropriate.

The executive directors are responsible for:

- the day-to-day management of the Group's business;
- leading the business and the rest of the management team in accordance with the strategy agreed by the board;
- leading the development of the Group's strategy with input from the rest of the board;
- leading the management team in the implementation of the Group's strategy; and
- bringing matters of particular significance to the board for discussion and consideration by the board if appropriate.

The roles of Chairman and chief executive are fulfilled by Nicholas Braime. This is a departure from the recommendation of the QCA code however the board considers this practical arrangement enables the Group to utilise Nicholas' deep knowledge of the business and his extensive relationships with key stakeholders, whilst at the same time benefiting from his strategic vision. Given the size of the business, the board believes Nicholas is currently best placed to lead the development and execution of the Group strategy. In his role as Chairman, he is ably supported by the two non-executive directors who actively participate in the development of governance structures. The board will continue to assess these structures as the Group grows.

The role of Company Secretary is fulfilled by Cielo Cartwright, the Group Finance Director. The Company Secretary liaises with the Chairman and the independent directors in the preparation of board meetings, including the timely provision of information. The Company Secretary also acts as a link between the Company and shareholders on matters of governance and investor relations. The Company is aware that at certain times, it may become necessary to separate the role of executive and secretary and should such events occur, takes the appropriate steps to do so.

# Corporate governance report (continued)

## Board attendance and agenda

The board met formally 12 times throughout the year. During the year, as a result of the COVID-19 restrictions, board meetings were held on-line and briefing papers were circulated electronically. In addition to the regular scheduled meetings throughout the year, unscheduled supplementary meetings also take place as and when necessary. Directors who are unable to attend a particular meeting receive relevant briefing papers and are given the opportunity to discuss any issues with the Chairman or the Group Finance Director.

To enable the directors of the board to carry out their responsibilities all directors are provided access to all relevant information. The board has a schedule of matters for its discussion, which is reviewed against best practice. A summary of matters reserved for the schedule is available on the Group's website.

In advance of all board meetings the directors are supplied with papers covering the Group's strategy and operations. Members of the executive management team can attend and make presentations as appropriate at meetings of the board.

Details of the number of meetings of the board during the period are set out in the table below. There were no new appointments to the board during the period.

## Meeting attendance during 2020

Director	Board (12)	Audit & Risk Committee (1)	Remuneration Committee (1)
O. N. A. Braime	12	1	1
A. Q. Braime	10	1	–
C. O. Braime	12	1	–
C. B. Cartwright	12	1	–
A. W. Walker	11	1	1
P. J. O. Alcock	12	1	1

## Board evaluation

The board continues to evaluate improvements to its conduct of business. Improvements have continued to be implemented throughout the year. During 2020, presentations from MD's of key subsidiaries have taken place to provide the non-executive directors with a greater opportunity to hear the diverse nature of the Group's operations first hand and there is a rolling programme of such presentations set out for 2021.

Performance targets are set as part of the budgeting process. Evaluation of the performance of the board has historically been implemented in an informal manner whereby the Chairman appraised the individual performance of the directors and the non-executives met and appraised the performance of the executives. The board is considering ways in which the performance of board members can be formally reviewed to drive Group targets as well as providing the necessary training and opportunities for professional and personal development.

On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members. However, the directors consider that the company is too small to either have an internal succession plan and it would not be cost effective to maintain an external candidate list prior to the need arising. Key performance indicators are set out in the Strategic Report.

## Support

Directors can obtain independent professional advice at the Company's expense in performance of their duties as directors. None of the directors obtained independent professional advice in the period under review. All directors have access to the advice and the services of the Company Secretary. In addition to these formal roles, the non-executive directors have access to senior management of the business either by telephone or via involvement at informal meetings. At least annually, our nominated advisor (NOMAD) is invited to a board meeting to provide training updates on directors' duties and any legislative changes.

## Directors' conflict of interests

The Companies Act 2006 and the Company's Articles of Association require the board to consider any potential conflicts of interest. The board has procedures for managing and, where appropriate, authorising actual or potential conflicts of interest. Under those procedures, directors are required to declare at board meetings all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The board is required to review directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the board prior to their appointment. In this financial year there have been no declared conflicts of interest.

## Elections

The Company's Articles of Association provide that one third of the directors retire by rotation each year at the AGM.

## Relations with stakeholders

As required under by Section 172 of the Companies Act 2006, directors preside over the Group for the benefit of all stakeholders. Decisions taken by the board are always cognizant of the impact of each stakeholder group. Fundamentally, the goal is the long-term sustainable growth of the business, which will see returns to shareholders increasing, enable employees to realise their ambitions, and support customers in achieving their goals.

The directors consider the key stakeholders of the Group to fall into the following categories: its employees, its shareholders, customers, suppliers and other business-related parties.

## Employees as stakeholders

Employees are key internal stakeholders with significant time and financial investment in the business. The Group provides both formal and informal communications through letters and notices, as well as regular visits by the directors to sites to meet with employees. During the year overseas trips were curtailed as a result of the pandemic, however, the directors continued to communicate regularly using on-line video conferencing. The directors are committed to providing a working environment that promote employees' wellbeing whilst facilitating their performance. Further details of employee engagement can be found in the Group Strategic Report.

## Shareholders as stakeholders

The board recognises and values the importance of good communications with all shareholders. The Company engages with shareholders through the Group's website and at the AGM. At the AGM, a presentation of the business activity and outlook is presented by the Chairman. The feedback from shareholders attending our AGM has been positive. Responsibility for shareholder liaison rests with the Chairman, and in his absence, with the Company Secretary. All reports and updates are made available on the Group's website.

The AGM provides all shareholders with the opportunity to develop further their understanding of the Company. It is the principal forum for all the directors to engage in dialogue with private investors. All shareholders are given the opportunity to raise questions on any matter at the meeting. The Group aims to send notices of Annual General Meetings to shareholders at least 21 clear days before the meeting. Notices of the AGM are available on the Group's website. Following the AGM the voting results for each resolution are published and are available on the Group's website. The Group's website [www.braimegroup.com/investor-information](http://www.braimegroup.com/investor-information) provides all historical RNS announcements, interim reports and annual reports.

## Customers and other stakeholders

The directors ensure that stakeholder management plans are in place for key customers and key suppliers. Directors ensure that appropriate levels of management time is afforded to meet with customers to understand their needs and with key suppliers to forge a strong, mutually beneficial partnership built on the principles of respect and long-term outlook.

## Maintaining a reputation for high standards of business conduct

The board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The companies in the Group maintain handbooks which include clear guidance on what is expected of every employee and officer of the Company and further development of this guidance is being undertaken to continually strive for high standards. Staff matters are discussed



**Bespoke manufacturing to match individual customer requirements**

at every board meeting and the board considers examples of behaviours that either aligns with or are at odds with the Group's stated values. The directors believe that the Company's culture encourages collaborative, ethical behaviour which benefits employees, clients and stakeholders. It is committed to conducting business ethically and responsibly, treating employees, customers, suppliers and shareholders in a fair, open and honest manner. We aim to maintain healthy and safe working conditions on all our sites and measure our ability to keep employees and visitors safe. We encourage our employees to provide feedback on any issues they are concerned about and the directors maintain a culture of accessibility and fair play and travel extensively to keep in touch with all areas of the business. The directors believe that all employees and contractors have worked in line with the Group's values during this financial year.

## Fair, balanced and understandable

The directors have also reviewed the financial statements and taken as a whole consider them to be fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy and have considered the need to act fairly as between the members of the Company.



# Directors' report

The directors present their annual report and financial statements for the year ended 31st December 2020.

## Results and dividends

The profit for the year after taxation and transferred to reserves was £854,000 (2019 – £1,349,000). No dividend is to be proposed at the Annual General Meeting, but the interim dividends will be confirmed.

## Directors

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

	31st December 2020	1st January 2020
<b>Peter Alcock</b>		
Ordinary shares	1,000	1,000
'A' Ordinary shares	5,000	5,000
<b>Alan Braime</b>		
Ordinary shares	35,175	35,175
<b>Carl Braime</b>		
Ordinary shares	35,175	35,175
<b>Nicholas Braime</b>		
Ordinary shares	143,400	143,400
<b>Cielo Cartwright</b>		
Ordinary shares	–	–
<b>Andrew Walker</b>		
Ordinary shares	100	100
'A' Ordinary shares	300	300

In accordance with the Company's Articles of Association C. B. Cartwright retires by rotation and, being eligible, offers herself for re-election.

In accordance with the Company's Articles of Association A. W. Walker retires by rotation and, being eligible, offers himself for re-election.

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

The Company has made qualifying third party indemnity provisions for the benefit of its directors and officers. The indemnity was in force throughout the tenure of each director during the year and is currently in force. The Company also maintains Directors' and Officers' liability insurance in respect of itself and its directors.

## Substantial shareholdings

The Company has been notified that as at 14th April 2021, apart from the directors, only the following persons are beneficially interested in more than 3% of the Ordinary shares of the Company:

	Ordinary shares held	Percentage
<b>CGWL Nominees Limited A/C GC1</b>	<b>72,500</b>	<b>15.10%</b>
<b>Hargreaves Lansdown (Nominees) Limited A/C HLNOM</b>	<b>30,723</b>	<b>6.40%</b>
<b>Mrs P. V. Smith</b>	<b>27,500</b>	<b>5.73%</b>
<b>Ferlim Nominees Limited Des. POOLED</b>	<b>26,063</b>	<b>5.43%</b>
<b>W B Nominees Limited A/C ISAMAX</b>	<b>21,600</b>	<b>4.50%</b>
<b>Mrs A. Barnes</b>	<b>16,655</b>	<b>3.47%</b>

## 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.

## Section 172 statement

The board states its compliance with s172(1) of the Companies Act 2006. Details as to how the directors have fulfilled their duties can be found in the Group Strategic Report and the Governance Report.

## 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 6 to 10, in particular the risks surrounding the COVID-19 pandemic. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Group Strategic Report. Note 1 to the accounts expands on the directors' rationale for the preparation of the financial statements on a going concern basis in the light of the ongoing impact of the COVID-19 pandemic. 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.

As noted in its strategic report, the Group operates in a number of currencies other than sterling, its principal currency. The exchange rate between sterling, the US dollar and the euro and the price of raw materials creates inherent uncertainty over the future gross margin of the Group.

The Group's net cash figure increased from an opening figure of £663,000 to £1,198,000 as at 31st December 2020.

During the period the Group funding of working capital decreased by £295,000 principally arising from an increase in trade and other payables which were more than offset by increases in trade and other receivables. Inventories increased by £291,000. Overall cash derived from operating activities generated £2,686,000 (2019 – £1,676,000) net of the increased working capital funding.

At 31st December 2020, the available headroom within the Group's borrowing facilities amounted to £3,186,000. 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.

### 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:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself or herself 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 £10,000 (2019 – £10,000) were paid during the year. There were no donations to political organisations.

### Streamlined Energy and Carbon Reporting ("SECR")

The directors are of the opinion that the disclosure required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are not required because i) the Company whilst a Quoted company is not on the main market of the London Stock Exchange; ii) the Group did not meet two of threshold criteria for the year ended 31st December 2020 (Group turnover is below £36m, it employed less than 250 employees).

### 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

**Cielo Cartwright**, Secretary  
27th April 2021

# 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 directors' remuneration that are pensionable are salaries.

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

As set out in the Corporate Governance report, the Company is considering ways that board performance can be evaluated.

### Service contracts

Other than Cielo Cartwright, 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.

## INFORMATION SUBJECT TO AUDIT

### Directors' remuneration

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

	Fees £'000	Salary £'000	Estimated taxable value of benefits in kind £'000	Total 2020 £'000	Total 2019 £'000	Pension contributions 2020 £'000	Pension contributions 2019 £'000
<b>Executive directors</b>							
Nicholas Braime	–	221	8	<b>229</b>	217	–	–
Alan Braime	–	124	2	<b>126</b>	121	<b>17</b>	17
Carl Braime	–	124	2	<b>126</b>	120	<b>17</b>	17
Cielo Cartwright	–	116	2	<b>118</b>	118	<b>11</b>	8
<b>Non-executive directors</b>							
Peter Alcock	30	–	–	<b>30</b>	29	–	–
Andrew Walker	30	–	–	<b>30</b>	29	–	–
	60	585	14	<b>659</b>	634	<b>45</b>	42
Paid by the Company	60	461	12	<b>533</b>	514	<b>28</b>	25

The estimated taxable value of benefits-in-kind includes private medical cover. Pension contributions represent amounts paid to defined contribution pension schemes. In March 2020 Cielo Cartwright surrendered her car allowance and was provided with an electric company car which carries a benefit-in-kind in the current tax year of zero.

### Approval

The directors' remuneration report was approved by the board on 27th April 2021.

**Nicholas Braime**, Director



# Independent auditors' report

to the members of Braime Group PLC

## Opinion on financial statements of Braime Group PLC

We have audited the financial statements of Braime Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated cash flow statement, the Consolidated and Company statements of changes in equity and notes to the accounts, including a summary of significant accounting policies. 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, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our evaluation of the directors' assessment of the entity's ability to adopt the going concern basis of accounting included:

- Obtaining the directors' integrated profit and loss account, balance sheet and cash flow forecasts which are prepared for individual subsidiary undertakings and consolidated at group level for the period to 31 December 2022;
- Understanding and evaluating the key assumptions to the forecast being forecasts of sales, gross profit margin, administrative costs, level of capital expenditure, inventories, trade debtors and trade creditor days, anticipated new borrowings and repayment profiles of new and existing borrowings. The evaluation made reference to historic figures and the relative accuracy of past performance against past forecasts and based on our knowledge of the business the reasonableness of sales forecasts;
- Checking the mathematical accuracy of the forecasts and calculations used in the forecast model such as inventory, debtor and creditor days and gross profit margins;
- Agreeing financial facilities to facility letters or other appropriate evidence;
- Assessing the level of headroom in available facilities throughout the whole forecast period; and
- Assessing the sensitivity of forecasts to matters such as reductions in sales, gross profit margins and debtor days and whether there would still be sufficient headroom in facilities.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Independent auditors' report

to the members of Braime Group PLC (continued)

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Carrying value of Inventories*

<b>Risk description</b>	<p>This risk concerns the carrying value of inventories of £8,864,000 (2019 – £8,573,000) as shown in note 10.</p> <p>Management judgement is applied to determining the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current location and physical condition in the manufacturing segment of the business. This primarily relates to the assessment of direct labour costs and manufacturing overheads to be absorbed and other relevant production costs. The total value of work-in-progress and finished goods inventory held by the manufacturing segment of the group into which such costs would have been absorbed amounted to £371,000 (2019 – £231,000).</p> <p>As described in note 1.19 inventories are carried at the lower of cost and net realisable value. Establishing impairment provisions for slow-moving, obsolete and damaged inventories to reduce inventories to their net realisable value involves judgements and estimates to be made by management. The group has consistently adopted a policy of making impairment provisions based upon the ageing of inventories. The income statement for the year ended 31 December 2020 includes an inventory impairment provision of £283,000 (2019 – £116,000 inventory impairment credit) as disclosed in note 10.</p> <p>Given the level of judgement and estimation involved in determining cost and net realisable value this risk was identified by us as one of the most significant risks of material misstatement.</p>
<b>Our response</b>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• on a sample basis agreed the cost of raw materials (manufacturing segment) and bought in components (distribution segment) to third party invoices and where these were denominated in foreign currencies reviewed the reasonableness of the exchange rates used to translate these invoices.</li> <li>• for work in progress and finished goods held in the manufacturing segment we have for a sample of items obtained the product costings and tested the underlying costs within each item selected. We also challenged the key assumptions concerning overhead absorption by assessing the appropriateness of costs included in the calculation.</li> <li>• reviewed the overheads absorbed by the manufacturing segment to determine whether they were allowable under IAS 2 and appropriately recognised. We agreed the estimated overheads to actual overheads incurred in the year to assess whether they were materially different.</li> <li>• assessed the net realisable value (NRV) of a sample of inventory items by agreeing their subsequent sales price to customer invoices to ensure that the items were being held at the lower of cost and net realisable value.</li> <li>• observed the condition of inventories when we and the firms we instructed to assist us attended stock counts (see existence of inventory risk section below).</li> <li>• gained an understanding of the movements in the inventory impairment provision year on year and assessed the scale of the provision in comparison to gross inventory value to determine whether there were any unusual movements.</li> <li>• performed procedures to ensure that inventory impairment provisions were calculated in line with the group's inventory provisioning policy. Procedures included reviewing the provisions and verifying ageing data.</li> </ul>
<b>Key observations</b>	<p>From the work performed we consider that the inventory shown in the group financial statements is appropriately valued and that the impairment provision in respect of inventories has been consistently applied and is appropriate.</p>

*Existence of inventories*

<b>Risk description</b>	This risk concerns the existence of inventories of £8,864,000 (2019 – £8,573,000) as shown in note 10. £2,180,000 (2019 – £2,474,000) representing 25% (2019 – 29%) of the group's inventories are held in the USA (4B Elevator Components Limited) where no year-end physical count is undertaken for all items of inventory. Instead a rolling perpetual count system is employed; however whilst a formal system to ensure the regular counting of significant balances and to ensure that all lines of inventory are counted at least once a year has been in place for the whole of the year there was no documentary evidence that adjustments have been made following the perpetual counts. Given the significance of this level of inventory to the group and the factors above we have assessed the existence of inventories in the USA as being one of significance to our audit.
<b>Our response</b>	We instructed a firm of Certified Public Accountants (CPAs) based in the USA to attend the premises in the USA at the year-end to carry out agreed upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants. This included physically test counting a sample of items selected in advance by ourselves from 4B Elevator Components Limited's inventory system together with the selection of additional items chosen by that firm to physically count and compare to that company's inventory records. We followed through the test counts carried out by ourselves and the firm of CPAs to that company's final inventory valuations.
<b>Key observations</b>	From the work performed we consider that the inventory shown in the group financial statements relating to 4B Elevator Components Limited mentioned above exists.

**Our application of materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality £328,000 (2019 – £334,000).

Basis for determining materiality:	1% of group turnover.
Rationale for benchmark applied:	As a trading group this reflects the level of activity. We believe that this measure and the percentage applied are widely used for groups of this size and nature.
Component materiality:	For each component in our audit scope, we allocated a materiality that is less than our overall group materiality. The range of materiality across components ranged from £68,000 to £159,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

Performance materiality to drive the extent of our testing for each component in our audit scope was set at 75% of component materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £12,300 (2019 – £13,050) as well as 'clearly trivial' misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

# Independent auditors' report

to the members of Braime Group PLC (continued)

## An overview of the scope of our audit

Braime Group PLC, Braime Pressings Limited, 4B Elevator Components Limited and 4B Braime Components Limited are companies incorporated in England and Wales on which we are engaged to perform an audit under ISAs (UK). These components comprised 70.4% of group turnover, 80.1% of group profit before tax and 69.8% of group gross assets.

4B Africa Elevator Components (Proprietary) Limited and 4B Asia Pacific Company Limited have had audits performed by component auditors in accordance with local legislation. These components were not individually significant enough to require an audit for group reporting purposes, but a review was performed by us appropriate to the size and risk profile of these components. This included obtaining and reviewing an audit procedures questionnaire for 4B Africa Elevator Components (Proprietary) Limited and analytical review procedures in relation to 4B Asia Pacific Company Limited. These components comprised 7.0% of group turnover, -2.8% of group profit before tax and 7.9% of group gross assets.

4B Australia PTY Limited is not required by local legislation to have an audit performed. 4B France Sarl and 4B Braime (Changzhou) Industrial Control Equipment Co. Ltd. do have statutory audits performed but these are not completed by the time the group audit is signed off. We carried out our own detailed audit procedures on these components sufficient to conclude that there were no significant risks of material misstatement in the group financial statements. These components comprised 22.6% of group turnover, 22.7% of group profit before tax and 22.3% of group gross assets.

We engaged a firm of CPAs in USA to attend a year-end inventory count of 4B Elevator Components Limited, a firm of Chartered Accountants in Australia to attend a year-end inventory count of 4B Australia PTY Limited and a Chartered Accountant in France to attend the year-end inventory count of 4B France Sarl.

At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of components that were not subject to audit by us.

## Other information

The other information comprises the information included in the report and accounts set out on pages 1 to 5, 11 to 15, 18 (except where indicated) and 65 to 68, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.



## Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities including fraud is detailed below:

### *The extent to which the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the group through discussions with directors and other management, and from our commercial knowledge and sector experience;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006 and taxation legislation. The company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the financial statements, for instance through the imposition of fines, penalties or litigation such as health and safety law, in particular manual handling and power press regulations 1998 (PUWER), REACH regulations, waste disposal regulations and employment law;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group and company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind any significant or unusual transactions.

# Independent auditors' report

to the members of Braime Group PLC (continued)

## Auditors' responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims;
- Reviewing correspondence with HMRC, US tax authorities and relevant regulators websites for notices of any breaches; and
- Review of relevant legal or professional costs within the accounting records for any evidence of previously undetected or unreported instances of non-compliance.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 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.

## Use of our report

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

**Neill Rayland BA FCA** (Senior Statutory Auditor)

For and on behalf of **Kirk Newsholme**

Chartered Accountants and Statutory Auditors

4315 Park Approach

Thorpe Park

Leeds LS15 8GB

27th April 2021

# Consolidated income statement

For the year ended 31st December 2020

	Note	2020 £'000	2019 £'000
<b>Revenue</b>	3	<b>32,803</b>	33,433
Changes in inventories of finished goods and work in progress		(63)	959
Raw materials and consumables used		(17,428)	(17,986)
Employee benefits costs	6	(8,408)	(8,530)
Depreciation and amortisation expense		(1,280)	(1,236)
Other expenses		(4,277)	(4,737)
Other operating income	2	30	318
<b>Profit from operations</b>	2	<b>1,377</b>	2,221
Finance expense	4	(191)	(477)
Finance income	4	9	2
<b>Profit before tax</b>		<b>1,195</b>	1,746
Tax expense	5	(341)	(397)
<b>Profit for the year</b>		<b>854</b>	1,349
<b>Profit attributable to:</b>			
Owners of the parent		823	1,360
Non-controlling interests		31	(11)
		<b>854</b>	1,349
<b>Basic and diluted earnings per share</b>	18	<b>59.31p</b>	93.68p

The notes on pages 30 to 56 form part of these financial statements.

# Consolidated statement of comprehensive income

For the year ended 31st December 2020

	Note	2020 £'000	2019 £'000
Profit for the year		854	1,349
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net pension remeasurement gain on post employment benefits	19.3	66	178
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign exchange losses on re-translation of overseas operations		(133)	(323)
Other comprehensive income for the year		(67)	(145)
<b>Total comprehensive income for the year</b>		<b>787</b>	<b>1,204</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		744	1,231
Non-controlling interests		43	(27)
		<b>787</b>	<b>1,204</b>



# Consolidated balance sheet

As at 31st December 2020

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	7,830	6,824
Intangible assets	8	37	48
Right of use assets	9	487	278
Total non-current assets		8,354	7,150
<b>Current assets</b>			
Inventories	10	8,864	8,573
Trade and other receivables	11	5,855	5,697
Cash and cash equivalents		1,533	1,679
Total current assets		16,252	15,949
<b>Total assets</b>		<b>24,606</b>	<b>23,099</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft		335	1,016
Trade and other payables	12	4,744	3,808
Other financial liabilities	13	2,133	2,163
Corporation tax liability		78	19
Total current liabilities		7,290	7,006
<b>Non-current liabilities</b>			
Financial liabilities	14	2,075	1,384
Deferred income tax liability	15	278	360
Total non-current liabilities		2,353	1,744
<b>Total liabilities</b>		<b>9,643</b>	<b>8,750</b>
<b>Total net assets</b>		<b>14,963</b>	<b>14,349</b>
Share capital	16	360	360
Capital reserve		257	257
Foreign exchange reserve		(151)	(6)
Retained earnings		14,800	14,084
<b>Total equity attributable to the shareholders of the parent</b>		<b>15,266</b>	<b>14,695</b>
Non-controlling interests		(303)	(346)
<b>Total equity</b>		<b>14,963</b>	<b>14,349</b>

The financial statements on pages 25 to 56 were approved and authorised for issue by the board of directors on 27th April 2021 and were signed on its behalf by:

**Nicholas Braime**, Chairman

**Cielo Cartwright**, Group Finance Director

**Company Registration Number 488001**

The notes on pages 30 to 56 form part of these financial statements.

# Consolidated cash flow statement

For the year ended 31st December 2020

	Note	2020 £'000	2019 £'000
<b>Operating activities</b>			
Net profit		854	1,349
Adjustments for:			
Depreciation and amortisation	7, 8 & 9	1,280	1,236
Foreign exchange losses		(170)	(255)
Finance income	4	(9)	(2)
Finance expense	4	191	477
Loss/(gain) on sale of land and buildings, plant, machinery and motor vehicles		1	(12)
Adjustment in respect of defined benefit scheme		71	93
Income tax expense	5	341	397
Income taxes paid		(168)	(451)
		<b>1,537</b>	<b>1,483</b>
<b>Operating profit before changes in working capital and provisions</b>		<b>2,391</b>	<b>2,832</b>
(Increase)/decrease in trade and other receivables		(356)	1,044
Increase in inventories		(291)	(701)
Increase/(decrease) in trade and other payables		942	(1,499)
		<b>295</b>	<b>(1,156)</b>
<b>Cash generated from operations</b>		<b>2,686</b>	<b>1,676</b>
<b>Investing activities</b>			
Purchases of property, plant, machinery and motor vehicles and intangible assets		(2,057)	(1,660)
Sale of land and buildings, plant, machinery and motor vehicles		13	27
Interest received		4	2
		<b>(2,040)</b>	<b>(1,631)</b>
<b>Financing activities</b>			
Proceeds from long term borrowings		1,117	728
Repayment of borrowings		(419)	(459)
Repayment of hire purchase creditors		(217)	(281)
Repayment of lease liabilities		(228)	(210)
Bank interest paid		(124)	(426)
Lease interest paid		(38)	(33)
Hire purchase interest paid		(29)	(15)
Dividends paid		(173)	(167)
		<b>(111)</b>	<b>(863)</b>
Increase/(decrease) in cash and cash equivalents		<b>535</b>	<b>(818)</b>
Cash and cash equivalents, beginning of period		<b>663</b>	<b>1,481</b>
<b>Cash and cash equivalents, end of period</b>	20	<b>1,198</b>	<b>663</b>

The notes on pages 30 to 56 form part of these financial statements.

# Consolidated statement of changes in equity

For the year ended 31st December 2020

	Note	Share Capital £'000	Capital Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000	Non-Controlling Interests £'000	Total Equity £'000
Balance at 1st January 2019		360	257	301	12,713	13,631	(319)	13,312
<b>Comprehensive income</b>								
Profit		–	–	–	1,360	1,360	(11)	1,349
<b>Other comprehensive income</b>								
Net pension remeasurement gain recognised directly in equity	19.3	–	–	–	178	178	–	178
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations		–	–	(307)	–	(307)	(16)	(323)
Total other comprehensive income		–	–	(307)	178	(129)	(16)	(145)
Total comprehensive income		–	–	(307)	1,538	1,231	(27)	1,204
<b>Transactions with owners</b>								
Dividends	18	–	–	–	(167)	(167)	–	(167)
Total transactions with owners		–	–	–	(167)	(167)	–	(167)
Balance at 1st January 2020		360	257	(6)	14,084	14,695	(346)	14,349
<b>Comprehensive income</b>								
Profit		–	–	–	823	823	31	854
<b>Other comprehensive income</b>								
Net pension remeasurement gain recognised directly in equity	19.3	–	–	–	66	66	–	66
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations		–	–	(145)	–	(145)	12	(133)
Total other comprehensive income		–	–	(145)	66	(79)	12	(67)
Total comprehensive income		–	–	(145)	889	744	43	787
<b>Transactions with owners</b>								
Dividends	18	–	–	–	(173)	(173)	–	(173)
Total transactions with owners		–	–	–	(173)	(173)	–	(173)
<b>Balance at 31st December 2020</b>		<b>360</b>	<b>257</b>	<b>(151)</b>	<b>14,800</b>	<b>15,266</b>	<b>(303)</b>	<b>14,963</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

For the year ended 31st December 2020

## 1. ACCOUNTING POLICIES

### 1.1 General Company information

Braime Group PLC ('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, China, England, France, South Africa, Thailand and the United States.

The Company is incorporated and domiciled in the UK. The Company's registered number is 488001. The address of its registered office is Hunslet Road, Leeds, LS10 1JZ. The Company is a public limited company and has its primary listing on the AIM division of the London Stock Exchange.

The Group consolidated financial statements were authorised for issue by the board on 27th April 2021.

### 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 57 to 64.

#### Going concern

The financial statements have been prepared using the going concern basis. The COVID-19 pandemic will continue to have an impact on all businesses globally and how it might affect the Group is detailed in its strategic report on page 8. What this impact might be remains uncertain, however during the year, the Group has demonstrated its ability to withstand these adversities.

At this time, our objectives remain firstly, to protect our workforce to ensure that they are fit and healthy, and secondly, to continue trading as normally as possible and provide a first-rate service to our customers. The Group has ample headroom and continues to have the support of its bankers who have expressed their willingness to provide additional funds for future growth plans, and the Group will remain alert to relevant government backed finance schemes to draw on additional cash flow options available to it. The Group is also able to pool resources within the Braime Group should this be needed and the wide geographical spread of its operations provide a spread of its risks. Given this, the going concern basis of accounting is appropriate as the directors believe the Group and its subsidiaries will be able to trade for the foreseeable future.

### 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:

#### Inventory

Inventories are stated at the lower of cost and net realisable value. The group establishes an impairment provision for inventory estimated to realise a lower value than cost. When calculating the impairment provision, management considers the nature and condition of the inventory as well as applying assumptions around the saleability of stock and its estimated selling value less cost expected to be incurred and sell the item. The directors also consider the purchase history of the inventory items to assess whether the items remain in use.

#### Cost of work in progress and finished goods

The Group values the work in progress and finished goods inventory of its manufacturing segment at the cost of direct materials and labour plus attributable overheads and certain administrative costs based on normal levels of activity. When calculating overhead absorption rates, management considers the percentage of costs that are directly attributable to bringing inventory to its present location and condition, and estimated wastage based on historical experience and through knowledge of the business.



### Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

### 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.

## 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 2020:

- Amendments to IFRS3 – Definition of a Business – clarifies whether a transaction should be accounted for as a business combination or an asset acquisition – effective on or after 1st January 2020
- Amendments to IAS1 and IAS8 – Definition of Material – aligns definitions across IFRS and other IASB publications – effective on or after 1st January 2020
- Conceptual Framework for Financial reporting – provides concepts to help preparers develop consistent accounting policies when no standard applies or there is a choice of policies – effective on or after 1st January 2020
- Amendments to references to the Conceptual Framework in IFRS standards – minor amendments to various standards to reflect the revised issue – effective from 1st January 2020
- Amendment to IFRS 16 – COVID-19 Related Rent Concessions – provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee – effective annual periods on or after 1st June 2020
- Amendment to IFRS 4 – Extension of the Temporary Exemption for Applying IFRS 9 – extends the temporary exemption to accounting periods beginning before 1st January 2023 – effective from date of issue (25th June 2020)

### (b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January 2020 and not early adopted.

- IFRS 17 Insurance Contracts – principles of insurance contracts issued – effective on or after 1st January 2023
- Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16 – Interest rate benchmarks – introduces practical expedient and exemptions from hedge accounting requirements – effective accounting periods beginning on or after 1st January 2021
- Amendments to IFRS 3 – Reference to the Conceptual Framework – updates certain references to the Conceptual Framework for financial reporting without changing the accounting requirements for business combinations – effective from 1st January 2022
- Annual improvements to IFRS Standards 2018 – 2020 Cycle – minor amendments to IFRS 1, IFRS 9 and IAS 41 and amendment to Illustrative Examples accompanying IFRS 16 – effective annual periods beginning on or after 1st January 2022
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use – requires amounts received from selling items produced while the company is preparing the asset for its intended use to be recognised in profit or loss, and not as an adjustment to the cost of the asset – effective annual periods beginning on or after 1st January 2022
- Amendment to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract – specifies which costs to include when assessing whether a contract will be loss-making – effective annual periods beginning on or after 1st January 2022
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – clarifies that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period – effective annual periods beginning on or after 1st January 2023

The application and interpretations surrounding the new or amended standards 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.

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 1.5 Revenue recognition

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations with effect from 1st January 2018. Under IFRS 15, revenue recognition is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Where sale of goods occur, revenue is recognised at a point in time when goods are delivered to customers. For the Group, the transfer of control under IFRS 15 and satisfaction of performance obligations therefore remains consistent with the transfer of risks and rewards to the customer under IAS18. Revenue represents the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, and is stated exclusive of VAT, similar taxes and after eliminating sales within the Group. Payment is typically due within 60 days. Interest receivable on bank deposits and other items such as rentals, insurance proceeds, and receipts to fund capital assets are not classed as revenue but included within finance income and other operating income respectively. The breakdown of revenue from ordinary activities used within the Group to assess the performance is presented, by operating segment, in the segment analysis (see note 3).

## 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 Braime Group PLC incorporate the financial statements of the parent company as well as those entities controlled by the Group by full consolidation.

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

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

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

Braime Group PLC consolidated financial statements are presented in sterling (£), which is also the functional currency of the 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 average rates of exchange. 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 receivables) 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.

### 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.

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 1.12 Pension obligations and short term employee benefits (continued)

Remeasurement gains and losses are recognised immediately and in full in other 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.

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.

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.

## 1.13 Right of use assets and lease liabilities

### The Group as a lessee

The Group makes the use of leasing arrangements principally for the provision of warehouses and related facilities, office space, IT equipment, fork lift trucks, and motor vehicles. The rental contracts for warehouses and offices are typically negotiated for terms of between 3 and 5 years and some of these have extension terms. Lease terms for office and IT equipment, fork lift trucks and motor vehicles typically have lease terms of between 1 and 6 years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles. The Group has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone prices.

### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.



Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of office equipment such as desks, chairs, and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Where substantially all of the risks and rewards incidental to ownership of a lease asset have been transferred to the Group as is the case in a 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.

Assets held under hire purchase contracts are classified as property, plant and equipment.

#### 1.14 Impairment of non-financial assets

The Group's non-current assets 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.

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 where material 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.

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 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 25 – 50 years
- Plant, machinery and motor vehicles 3 – 5 years on a straight line basis

## 1.19 Inventories

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

## 1.20 Government grants

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

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

## 1.21 Other provisions, contingent liabilities and contingent assets

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

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

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

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

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

## 2. PROFIT FROM OPERATIONS

	Note	2020 £'000	2019 £'000
This has been arrived at after charging/(crediting):			
Depreciation and amortisation	7, 8 & 9	1,280	1,236
Foreign exchange differences		(144)	(22)
Research and development costs		92	124
Write-down of inventory to net realisable value	10	283	(116)
Inventory recognised as an expense		17,208	17,027
Impairment of trade receivables	11	(12)	(130)
Fees payable to the Company's auditor:			
• for the audit of the Company's annual accounts		19	19
• the audit of the Company's subsidiaries, pursuant to legislation		46	47
• other services pursuant to legislation		11	12
Fees payable to overseas auditors		21	19
Loss/(profit) on disposal of fixed assets		1	(12)
Other operating income		(30)	(318)

£291,000 of other operating income in 2019 related to the release of provision against funds advanced on capital assets.

## 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 2020.

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 2020 £'000	Manufacturing 2020 £'000	Distribution 2020 £'000	Total 2020 £'000
<b>Revenue</b>				
External	–	3,762	29,041	32,803
Inter Company	1,772	3,068	5,159	9,999
Total	1,772	6,830	34,200	42,802
<b>Profit</b>				
EBITDA	309	(163)	2,511	2,657
Finance costs	(105)	(31)	(55)	(191)
Finance income	–	7	2	9
Depreciation and amortisation	(592)	(28)	(660)	(1,280)
Tax expense	32	–	(373)	(341)
(Loss)/profit for the period	(356)	(215)	1,425	854
<b>Assets</b>				
Total assets	5,178	4,200	15,228	24,606
Additions to non current assets	415	54	2,020	2,489
<b>Liabilities</b>				
Total liabilities	801	2,025	6,817	9,643

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 3. SEGMENTAL INFORMATION (CONTINUED)

	Central 2019 £'000	Manufacturing 2019 £'000	Distribution 2019 £'000	Total 2019 £'000
<b>Revenue</b>				
External	–	3,416	30,017	33,433
Inter Company	2,104	3,440	6,224	11,768
Total	2,104	6,856	36,241	45,201
<b>Profit</b>				
EBITDA	851	(244)	2,850	3,457
Finance costs	(305)	(27)	(145)	(477)
Finance income	–	–	2	2
Depreciation and amortisation	(607)	(18)	(611)	(1,236)
Tax expense	(114)	39	(322)	(397)
(Loss)/profit for the period	(175)	(250)	1,774	1,349
<b>Assets</b>				
Total assets	5,529	3,657	13,913	23,099
Additions to non current assets	1,138	76	607	1,821
<b>Liabilities</b>				
Total liabilities	852	1,768	6,130	8,750

## Geographical analysis

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

	Revenue 2020 £'000	Non-current assets 2020 £'000	Revenue 2019 £'000	Non-current assets 2019 £'000
UK	5,913	3,958	6,155	4,103
Rest of Europe	8,828	1,702	8,040	178
Americas	13,424	2,170	14,407	2,415
Africa	1,161	60	1,584	101
Australia and Asia	3,477	464	3,247	353
	32,803	8,354	33,433	7,150

There was one Group customer of the manufacturing segment which accounted for 11% of the Group's revenues.

## 4. FINANCE INCOME AND EXPENSE

	2020 £'000	2019 £'000
<b>Finance expense</b>		
Bank borrowings	124	429
Lease interest	38	15
Hire purchase interest	29	33
	191	477
<b>Finance income</b>		
Bank interest received	9	2
	9	2

## 5. TAX EXPENSE

	2020 £'000	2019 £'000
<b>Current tax expense</b>		
UK corporation tax		
UK tax expense on profits for the year	303	191
Prior year adjustment	(9)	(42)
Double tax relief	(303)	(170)
	(9)	(21)
Foreign corporation tax		
Foreign tax expense on profits for the year	508	337
Prior year adjustment	(42)	(14)
	466	323
<b>Current tax charge</b>	457	302
Deferred tax		
Origination and reversal of timing differences	(138)	95
Adjustments in respect of prior periods	10	–
Adjustments in respect of rate differences	12	–
<b>Total tax charge</b>	341	397

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:

	2020 £'000	2019 £'000
Profit before tax	1,195	1,746
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019 – 19%)	227	332
Expenses not deductible for tax purposes	14	21
Non taxable income	(83)	–
Tax credits on research and development	(23)	(23)
Items charged to reserves	12	34
Foreign tax	184	88
Deferred tax not provided	39	(27)
Deferred tax – prior year	10	–
Prior year items	(51)	(17)
Rate differences	12	(11)
	341	397

Other than as shown in note 15, 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 £nil, £48,000 and £nil respectively (2019 – £nil, £25,000 and £nil) calculated at a rate of 19% (2019 – 17%).



# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 6. EMPLOYEES

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

	2020 No.	2019 No.
Office and management	49	48
Sales and distribution	53	55
Manufacturing	76	68
	<b>178</b>	171

Staff costs (including directors) comprise:

	Note	2020 £'000	2019 £'000
Wages and salaries		7,578	7,325
Waiver of US government loan		(436)	–
CJRS government grant		(46)	–
Defined contribution pension cost		318	310
Defined benefit pension cost	19.3	116	71
Other long-term employee benefits		81	56
Employer's national insurance contributions and similar taxes		797	768
		<b>8,408</b>	8,530

The Group's US subsidiary received a loan of £436,000 from the government's Paycheck Protection Program. The loan was waived in November 2020, the business having demonstrated that it had retained full employment during the COVID pandemic. The CJRS grant relates to furlough payments in respect of UK employees who were shielding per government instructions.

	2020 £'000	2019 £'000
<b>Directors' remuneration:</b>		
Emoluments of qualifying services	659	634
Company pension contributions to money purchase schemes	45	42
	<b>704</b>	676

The number of directors for whom retirement benefits accrued under money purchase pension schemes amounted to 3 (2019 – 3) and under defined benefit pension schemes amounted to nil (2019 – nil). Further details of directors remuneration are included in the remuneration report.

## 7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
At 31st December 2020			
Cost	4,746	12,706	17,452
Accumulated depreciation	(243)	(9,379)	(9,622)
Net book value	4,503	3,327	7,830
At 31st December 2019			
Cost	3,190	12,300	15,490
Accumulated depreciation	(234)	(8,432)	(8,666)
Net book value	2,956	3,868	6,824
Year ended 31st December 2020			
Opening net book value	2,956	3,868	6,824
Additions	1,489	568	2,057
Disposals	–	(14)	(14)
Depreciation	(2)	(1,040)	(1,042)
Reclassification	39	(39)	–
Exchange differences	21	(16)	5
Closing net book value	4,503	3,327	7,830
Year ended 31st December 2019			
Opening net book value	2,963	3,269	6,232
Additions	–	1,660	1,660
Disposals	–	(15)	(15)
Depreciation	(5)	(1,015)	(1,020)
Reclassification	–	–	–
Exchange differences	(2)	(31)	(33)
Closing net book value	2,956	3,868	6,824

The net book value of tangible fixed assets includes an amount of £568,000 (2019 – £715,000) in respect of assets held under hire purchase contracts. The related depreciation charge on these assets for the year was £250,000 (2019 – £200,000). Additions include £31,000 (2019 – £551,000) of assets held under hire purchase contracts.

Assets in the course of construction which have not been depreciated total £2,225,000 (2019 – £710,000) of which £1,489,000 relates to the French warehouse construction.

The total cost of non-depreciable assets included in freehold land and buildings was £2,923,000 (2019 – £2,923,000).

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 8. INTANGIBLE ASSETS

	Total £'000
At 31st December 2020	
Cost	155
Accumulated amortisation	(118)
Net book value	37
At 31st December 2019	
Cost	149
Accumulated amortisation	(101)
Net book value	48
Year ended 31st December 2020	
Opening net book value	48
Additions	–
Amortisation	(12)
Exchange differences	1
Closing net book value	37
Year ended 31st December 2019	
Opening net book value	61
Additions	1
Amortisation	(13)
Reclassifications	(1)
Closing net book value	48

Intangible assets relate to purchased goodwill and software.

## 9. RIGHT OF USE ASSETS

	Buildings £'000	IT Equipment £'000	Vehicles £'000	Total £'000
At 31st December 2020				
Cost	275	142	300	717
Accumulated depreciation	(62)	(49)	(119)	(230)
Net book value	213	93	181	487
At 31st December 2019				
Cost	421	46	241	708
Accumulated depreciation	(267)	(26)	(137)	(430)
Net book value	154	20	104	278
Year ended 31st December 2020				
Opening net book value	154	20	104	278
Additions	186	101	145	432
Depreciation	(130)	(28)	(68)	(226)
Exchange differences	3	–	–	3
Closing net book value	213	93	181	487
Year ended 31st December 2019				
Opening net book value	204	35	86	325
Additions	85	–	76	161
Depreciation	(131)	(15)	(57)	(203)
Exchange differences	(4)	–	(1)	(5)
Closing net book value	154	20	104	278

Buildings include warehouses and office leases. IT equipment include sundry IT and broadband fibre leases. Vehicles include fork lift trucks and motor vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the Group accounts as a right-of-use (RoU) asset per note 9 above and a lease liability (see note 14b).

## 10. INVENTORIES

	2020 £'000	2019 £'000
Raw materials	382	368
Work in progress	126	109
Finished goods	7,794	7,875
Goods in transit	562	221
	<b>8,864</b>	<b>8,573</b>

During the twelve months ended 31st December 2020 the Group increased charges against finished goods inventories of £283,000 (2019 – release of £116,000) following reassessment of the saleability of certain stock items (note 2).

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 11. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Trade receivables	5,303	4,778
Other receivables	354	571
Prepayments	198	348
	<b>5,855</b>	5,697

Included in other receivables is £19,000 (2019 – £249,000) of corporation tax repayable, £191,000 (2019 – £226,000) in relation to a VAT claim, and £32,000 (2019 – nil) in respect of a deferred tax asset.

Where possible credit insurance is obtained and sales to customers kept within agreed credit limits. In general, 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.

## 12. TRADE AND OTHER PAYABLES – CURRENT

	2020 £'000	2019 £'000
Trade payables	3,391	2,349
Other taxes and social security costs	166	229
Other payables	62	125
Accruals	1,125	1,105
	<b>4,744</b>	3,808

## 13. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	2020 £'000	2019 £'000
Bank loans – secured	14a	354	351
Lease liabilities	14b	186	176
Hire purchase creditors	14c	186	203
Other creditors		1,407	1,433
		<b>2,133</b>	2,163

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.

## 14. FINANCIAL LIABILITIES – NON-CURRENT

	Note	2020 £'000	2019 £'000
Bank loans – secured	14a	1,388	839
Lease liabilities	14b	318	121
Hire purchase creditors	14c	337	392
Other creditors (non-current)		32	32
		<b>2,075</b>	1,384



14a. Obligations under bank loan agreements comprise amounts payable as follows:

	2020 £'000	2019 £'000
Within one year	354	351
One to two years	389	347
Two to five years	357	492
Over five years	642	–
	<b>1,742</b>	<b>1,190</b>

Terms and conditions of outstanding loans were as follows:

	Interest rate %	Year of maturity	2020 £'000	2019 £'000
US dollar bank loan	4.00% fixed	2023	383	562
US dollar bank loan	2.50% fixed	2022	–	53
US dollar unsecured bank loan	3.00% fixed	2022	–	16
US dollar term loan	2.25% over LIBOR	2023	231	341
US dollar term loan	3.74% fixed	2024	157	204
GBP term loan	2.75% over Bank of England base rate	2020	–	14
EUR term loan	1.31% fixed	2034	971	–

The 4.00%, 2.50% and 3.74% fixed US dollar bank loans are 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. In April 2020 the Group took advantage of a very favourable early repayment discount and paid off the 2022 term loans. The EUR term loan relates to the construction of the French warehouse and the fully drawn-down facility is €1.7m.

14b. Lease liabilities:

Minimum lease payment commitments in respect of RoU assets at the year end were as follows:

	Lease Payments £'000	Finance Charges £'000	Net Present Value £'000
Less than one year	231	(45)	186
One to two years	204	(24)	180
Two to five years	145	(7)	138
	<b>580</b>	<b>(76)</b>	<b>504</b>

At 31st December 2019 the minimum lease payment commitments in respect of RoU assets were as follows:

	£'000	£'000	£'000
Less than one year	196	(20)	176
One to two years	67	(10)	57
Two to five years	70	(6)	64
	<b>333</b>	<b>(36)</b>	<b>297</b>

The lease liabilities are calculated from the present values of the lease rentals based on the Group's estimated borrowing rate of 10%. A change of +/- 5% to the implied discount rate does not result in a material change to the estimates.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 14b. Lease liabilities (continued):

At 31st December 2020, the Group had 30 leased RoU assets by category as follows: Buildings: 3, IT equipment: 8, and Vehicles: 19. The average remaining lease commitments were: Buildings: 2 years, IT equipment: 1 year, and Vehicles: 3 years respectively.

### Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The total cash outflow for leases for the year ended 31st December 2020 was £266,000 (2019 – £243,000).

At 31st December 2020 the Group had not committed to any new leases that had yet to commence.

## 14c. Hire purchase creditors

Hire purchase future payments, interest charges and liabilities as at 31st December 2020 were as follows:

	Future Payments £'000	Interest Charges £'000	HP Creditor £'000
Within one year	195	(9)	186
One to two years	151	(8)	143
Two to five years	205	(11)	194
	<b>551</b>	<b>(28)</b>	<b>523</b>

Hire purchase payments, interest charges and liabilities as at 31st December 2019 were as follows:

	Future Payments £'000	Interest Charges £'000	HP Creditor £'000
Within one year	215	(12)	203
More than one year but less than 5 years	423	(31)	392
	<b>638</b>	<b>(43)</b>	<b>595</b>

## 15. DEFERRED INCOME TAX LIABILITY

	2020 £'000	2019 £'000
Accelerated capital allowances in excess of depreciation	292	303
Losses	(77)	–
Rolled over capital gains	63	57
	<b>278</b>	<b>360</b>

The decrease in deferred tax liability relates primarily to the recognition of taxable losses available where they can be offset against accelerated capital allowances.

	Deferred tax £'000
Balance at 1st January 2020	360
Release to income statement during the year	(82)
Balance at 31st December 2020	<b>278</b>

Deferred tax has been recognised at a blended rate of 29% (2019 – 29%) on accelerated capital allowances in 4B Elevator Components Limited and 19% (2019 – 17%) in respect of the Company and Braime Pressings Limited.

The Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end. The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing DT position would be to increase the deferred tax liability by £17,000.

## 16. SHARE CAPITAL

	2020 £'000	2019 £'000
<b>Authorised:</b>		
480,000 Ordinary shares of 25p each	120	120
1,200,000 'A' Ordinary shares of 25p each	300	300
	<b>420</b>	420
<b>Allotted, called up and fully paid:</b>		
480,000 Ordinary shares of 25p each	120	120
960,000 'A' Ordinary shares of 25p each	240	240
	<b>360</b>	360

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.

## 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.

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other receivables net of impairment losses, cash and bank balances, trade and other payables are subsequently measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank loans are initially measured at the present value of future payment, discounted at a market rate of interest and subsequently measured at amortised cost using the effective interest method.

Whilst lease liabilities within note 13 and 14 are included within financial liabilities they do not constitute a financial instrument.

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 was £1,422,000 (2019 – £1,836,000), 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).

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 17. FINANCIAL INSTRUMENTS (CONTINUED)

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 instruments entered into by the Group are included in level 2 and consist of fixed interest term loans and foreign currency forward contracts.

### Forward contracts

There were no forward currency contracts outstanding at 31st December 2020 (31st December 2019 – £nil).

### Fixed interest term loans

Fixed interest term loans as at 31st December 2020 were US dollar term bank loans of £540,000 (2019 – £835,000) and euro bank term loans of £971,000 (2019 – £nil) (see note 14a).

### Maturity analysis

Other than is disclosed in note 14 regarding bank loans and lease liabilities all financial instruments fall due within one year.

In addition to the maturity analysis disclosed in note 14, the interest due on bank loans repayable within one year totals £34,000 (2019 – £43,000), the interest due on bank loans repayable after one year but not more than five years totals £40,000 (2019 – £45,000), and the interest due on bank loans repayable after more than five years totals £22,000 (2019 – £nil).

Interest due (finance charges) on RoU lease liabilities are shown in note 14b and interest due on hire purchase creditors are shown in note 14c.

### Interest rate and currency of financial assets and liabilities

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

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets Total £'000
Currency			
As at 31st December 2020			
Sterling	(1,540)	–	(1,540)
Euro	678	–	678
US dollar	1,891	–	1,891
Other	504	–	504
	<b>1,533</b>	<b>–</b>	<b>1,533</b>

Negative sterling floating rate financial assets relate to bank overdrafts available for offset against credit currency balances where a legal right of set-off exists.

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets Total £'000
Currency			
As at 31st December 2019			
Sterling	(805)	–	(805)
Euro	260	–	260
US dollar	1,596	–	1,596
Other	628	–	628
	<b>1,679</b>	<b>–</b>	<b>1,679</b>

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

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets Total £'000
Currency			
As at 31st December 2020			
Sterling	(1,545)	(644)	(2,189)
Euro	(197)	(1,006)	(1,203)
US dollar	(231)	(543)	(774)
Other	–	(346)	(346)
	(1,973)	(2,539)	(4,512)
	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets Total £'000
Currency			
As at 31st December 2019			
Sterling	(2,284)	(659)	(2,943)
Euro	(179)	(9)	(188)
US dollar	(341)	(843)	(1,184)
Other	–	(216)	(216)
	(2,804)	(1,727)	(4,531)

Floating rate financial liabilities comprise bank borrowings and lease assets. Negative balances in financial liabilities denote credit balances available for offset against bank overdrafts.

### Currency exposure

The Group operates in a number of currencies and 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/(liabilities)

	Sterling £'000	Euro £'000	US dollar £'000	Other currencies £'000	Total £'000
Functional currency					
As at 31st December 2020					
Sterling	–	1,090	(1,778)	2,520	1,832
Euro	–	–	–	–	–
US dollar	(517)	(25)	–	–	(542)
Other	(643)	–	6	–	(637)
	(1,160)	1,065	(1,772)	2,520	653



# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 17. FINANCIAL INSTRUMENTS (CONTINUED)

### Non interest bearing financial assets/(liabilities)

	Sterling £'000	Euro £'000	US dollar £'000	Other currencies £'000	Total £'000
Functional currency					
As at 31st December 2019					
Sterling	–	863	(1,163)	2,436	2,136
Euro	–	–	–	–	–
US dollar	(540)	(12)	–	–	(552)
Other	(655)	–	66	(6)	(595)
	(1,195)	851	(1,097)	2,430	989

### Risk sensitivity

#### Interest rate sensitivity

Based on the year end balance of floating rate assets and liabilities, a change in interest rates of 1% in the monetary assets and liabilities mentioned above invested or borrowed will not affect the income statement by a figure greater or less than £5,000 (2019 – £11,000).

#### Currency rate sensitivity

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £158,000 (2019 – £204,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £129,000 (2019 – £167,000).

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:

	2020 £'000	2019 £'000
Expiring in one year or less	3,186	1,519

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.

### 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 assess the costs of entering into a matching forward contract with a reputable bank.

It is Group policy that transactions between Group entities are generally denominated in the selling entity's functional currency thereby giving rise to foreign exchange risk in the income statement of both the purchasing entity and the Group. The exception to this are charges made by the UK, since it is deemed to control treasury risks. Although the selling 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 maximise 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 generally borrows at floating rates but some borrowing arrangements 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.

Quantitative 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.

## 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 Braime Group PLC as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 1,440,000 shares (2019 – 1,440,000). There are no potentially dilutive shares in issue.

### Dividends paid

	2020 £'000	2019 £'000
Equity shares		
Ordinary shares		
Interim of 8.00p (2019 – 8.00p) per share paid on 5th June 2020	38	38
Interim of 4.00p (2019 – 3.60p) per share paid on 16th October 2020	19	17
	57	55
'A' Ordinary shares		
Interim of 8.00p (2019 – 8.00p) per share paid on 5th June 2020	77	77
Interim of 4.00p (2019 – 3.60p) per share paid on 16th October 2020	39	35
	116	112
Total dividends paid	173	167

An interim dividend of 7.80p per Ordinary and 'A' Ordinary share will be paid on 25th May 2021.

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 19. PENSION COSTS

### 19.1 Scheme summary

The Group operates a number of defined contribution schemes, the cost of which are disclosed in note 6. Additionally the Group operates a funded defined benefit pension scheme, the Braime Pressings Limited Retirement Benefits Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death on behalf of certain companies in the Group. The Scheme is closed to new members. 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. The following disclosures refer only to the Scheme.

The Scheme is managed by a board of trustees appointed in part by the Group and part from elections by members of the Scheme. 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.

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 2019. The market value of Scheme assets at 6th April 2019 was £9,463,000. The funding level at 6th April 2019 was 104% on an ongoing basis. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

The next valuation of the scheme is due as at 6th April 2022. 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 Group expects to pay contributions of around £53,000 during the year to 31st December 2021. The weighted average duration of the defined benefit obligation is approximately 16 years.

### 19.2 Risks

The cost of the Scheme to the Group depend upon a number of assumptions about future events. Future contributions may be higher (or lower) than those currently agreed if the assumptions are not borne out in practice or if different assumptions are agreed in the future.

- 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 and 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 some hedging 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.

### 19.3 Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation		Fair value of scheme assets		Net defined scheme liability	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Balance at 1st January	9,300	8,828	(9,300)	(8,746)	–	82
Service cost – current	76	71	–	–	76	71
Service cost – past	1	–	–	–	1	–
Administration costs	–	–	39	65	39	65
Interest cost/(income)	183	240	(188)	(237)	(5)	3
Interest effect of asset ceiling	–	–	–	–	–	–
Included in profit or loss	260	311	(149)	(172)	111	139
Effect of asset ceiling	–	–	(127)	228	(127)	228
Remeasurement loss/(gain)						
a) Actuarial loss/(gain) from:						
– Financial assumptions	1,081	851	–	–	1,081	851
– Demographic assumption	–	(421)	–	–	–	(421)
– Adjustments (experience)	–	(59)	–	–	–	(59)
b) Return on plan asset (excluding interest)	–	–	(1,020)	(777)	(1,020)	(777)
Included in other comprehensive income	1,081	371	(1,020)	(777)	61	(406)
Employers contributions	–	–	(45)	(43)	(45)	(43)
Employees contributions	10	10	(10)	(10)	–	–
Benefits paid	(323)	(220)	323	220	–	–
Other movements	(313)	(210)	268	167	(45)	(43)
Balance at 31st December	10,328	9,300	(10,328)	(9,300)	–	–

The asset ceiling arises as based on the assumptions adopted there is a net pension scheme asset of £101,000 at 31st December 2020 but as Braime Pressings Limited does not have an unconditional right to any surplus of the scheme the surplus of £101,000 has not been recognised in the group balance sheet and therefore assets have been reduced by £101,000 to £10,328,000 so as to equal scheme liabilities at that date.

The effect of GMP equalisation has been allowed as a past service cost in 2020. Other than this, there were no plan amendments, curtailments or settlements during the period. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised within the consolidated statement of comprehensive income. Included in remeasurement losses are the effect of asset ceiling of £127,000 (2019 – gain of £228,000) but the interest effect of asset ceiling are recognised in the profit for the year.

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 19.4 Analysis of fair value of plan assets between asset categories

	2020 % of total assets	2019 % of total assets	2020 £'000	2019 £'000
Annuity policies in payment	56.0%	55.8%	5,840	5,317
Equities – quoted – overseas	12.4%	12.1%	1,293	1,153
Equities – quoted – UK	2.0%	2.5%	209	238
Cash	1.8%	2.6%	188	248
With profit deferred annuities	27.8%	27.0%	2,899	2,572
Asset ceiling	–	–	(101)	(228)
Total	100.0%	100.0%	10,328	9,300

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

## 19.5 Reconciliation of effect of asset ceiling

	2020 £'000	2019 £'000
Effect of asset ceiling at start	228	–
Interest on effect of asset ceiling	–	–
Actuarial losses/(gains)	(127)	228
Effect of asset ceiling at end	101	228

## 19.6 Key assumptions and sensitivities

The key actuarial assumptions at balance sheet date are shown below:

	2020	2019
Discount rate	1.20%	2.00%
Inflation (RPI)	3.20%	3.40%
Salary increases	3.20%	3.40%
Pension increase (LP15)	3.10%	3.30%
Post retirement mortality	115% of the S3NA tables with CMI 2018 projections using a long-term improvement rate of 1.00% pa	115% of the S3NA tables with CMI 2018 projections using a long-term improvement rate of 1.00% pa
Commutation	No allowance has been made for members to take tax free cash	No allowance has been made for members to take tax free cash
Zurich with-profits deferred annuity policy	70% future income value, 30% market value	70% future income value, 30% market value



The impact on the defined benefit obligation to changes in the significant principal assumptions are shown below.

The 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 has been determined using the same method as per the calculation of liabilities for the balance sheet disclosures, but using assumptions adjusted as detailed below.

	<b>Approximate effect on liability £'000</b>
Adjustments to assumptions	
<b>Discount rate</b>	
Plus 0.50%	182
Minus 0.50%	(206)
<b>Inflation</b>	
Plus 0.50%	(364)
Minus 0.50%	332
<b>Salary increase</b>	
Plus 0.50%	(76)
Minus 0.50%	74
<b>Life expectancy</b>	
Plus 1.0 years	(34)
Minus 1.0 years	42
<b>% With-profit deferred annuities converted on retirement using guaranteed annuity rates</b>	
Plus 10.00% (i.e. 80%)	294
Minus 10.00% (i.e. 60%)	(294)

## 20. NOTES SUPPORTING CONSOLIDATED CASH FLOW STATEMENT

	<b>2020 £'000</b>	2019 £'000
Cash and cash equivalents		
Cash at bank and in hand	<b>1,533</b>	1,679
Bank overdraft	<b>(335)</b>	(1,016)
	<b>1,198</b>	663

### Major non-cash transaction

During the year the Group acquired tangible assets of £31,000 (2019 – £551,000) subject to finance under hire purchase agreements.

## 21. CAPITAL COMMITMENTS

There were capital commitments of £568,000 (2019 – £544,000) which are contracted but not provided for in these financial statements.

# Notes to the accounts

For the year ended 31st December 2020 (continued)

## 22. SUBSIDIARIES

Subsidiary	Principal activity	Proportion of shares held 2020 and 2019	
		Ordinary Shares	Preference Shares
<b>i</b> Registered in and operating from Hunslet Road, Leeds, West Yorkshire, LS10 1JZ, England, UK:			
Braime Pressings Limited	Manufacture of metal presswork	100%	100%
4B Braime Components Limited	Distribution of bulk material handling components	100%	–
T.F. & J.H. Braime (Holdings) P.L.C.	Dormant	100%	–
<b>ii</b> Registered as above and operating from 625 Erie Avenue, Morton, Illinois 61550, USA:			
4B Elevator Components Limited	Distribution of bulk material handling components	100%	–
<b>iii</b> Incorporated in and operating from 9 Route de Corbie, 80800 Lamotte Warfusee, France:			
4B–France sarl	Distribution of bulk material handling components	100%	–
<b>iv</b> Incorporated in and operating from 899/1 Moo 20, Soi Chongsiri, Amphur Bangplee, Samutprakarn, 10540, Thailand:			
4B Asia Pacific Company Limited	Distribution of bulk material handling components	48%	–
<b>v</b> Incorporated in and operating from 14 Newport Business Park, Mica Drive, Kya Sand, Johannesburg 2163, South Africa:			
4B Africa Elevator Components (Pty) Limited	Distribution of bulk material handling components	100%	–
<b>vi</b> Incorporated in and operating from B1/41 Bellrick Street, Acacia Ridge, Queensland, 4110, Australia:			
4B Australia Pty Limited	Distribution of bulk material handling components	100%	–
<b>vii</b> Incorporated in and operating from 18 Xinya Road, Wujin State High & New Technology Development Zone, Changzhou, Jiangsu, China:			
4B Braime (Changzhou) Industrial Control Equipment Company 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.

## 23. RELATED PARTY TRANSACTIONS

The total remuneration for key management personnel for the year including directors totalled £1,339,000 (2019 – £1,340,000).

There were no other related party transactions during the year.

# Company balance sheet

As at 31st December 2020

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	3	15	25
Tangible fixed assets	4	6,498	6,679
Investments	5	1,978	1,978
		<b>8,491</b>	8,682
<b>Current assets</b>			
Debtors: due within one year	8	1,484	979
		<b>1,484</b>	979
<b>Creditors: amounts falling due within one year</b>			
Amounts owed to group undertakings		5,371	4,074
Other creditors falling due within one year	9	921	1,839
		<b>6,292</b>	5,913
<b>Net current (liabilities)/assets</b>		<b>(4,808)</b>	(4,934)
<b>Total assets less current liabilities</b>		<b>3,683</b>	3,748
<b>Creditors: amounts falling due after more than one year</b>	10	311	358
Provisions for liabilities	11	190	237
		<b>3,182</b>	3,153
<b>Capital and reserves</b>			
Called up share capital	12	360	360
Revaluation reserve		85	85
Capital redemption reserve		180	180
Retained earnings		2,557	2,528
Shareholders' funds		<b>3,182</b>	3,153
<b>Company's profit/(loss) for the financial year</b>		<b>202</b>	(227)

These financial statements were approved and authorised for issue by the board of directors on 27th April 2021 and signed on its behalf by:

**Nicholas Braime**, Chairman

**Cielo Cartwright**, Group Finance Director

The notes on pages 58 to 64 form part of these financial statements

# Company statement of changes in equity

For the year ended 31st December 2020

	Called up Share Capital £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1st January 2019	360	85	180	2,922	3,547
Comprehensive income for the financial year – loss	–	–	–	(227)	(227)
Dividends paid	–	–	–	(167)	(167)
Balance at 31st December 2019	<b>360</b>	<b>85</b>	<b>180</b>	<b>2,528</b>	<b>3,153</b>
Comprehensive income for the financial year – profit	–	–	–	<b>202</b>	<b>202</b>
Dividends paid	–	–	–	<b>(173)</b>	<b>(173)</b>
Balance at 31st December 2020	<b>360</b>	<b>85</b>	<b>180</b>	<b>2,557</b>	<b>3,182</b>

The revaluation reserve represents the fair value uplift in the Company's freehold property.

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

The retained earnings represent cumulative profit or losses net of dividends and other adjustments. Included within retained earnings is a non-distributable amount of £71,000.

Included in profit for the year is a dividend received from the Company's subsidiary 4B Australia Pty.

# Notes to the Company accounts

For the year ended 31st December 2020

## 1. COMPANY INFORMATION

Braime Group PLC is a Company limited by shares, incorporated in England & Wales. Its registered office is Hunslet Road, Leeds, LS10 1JZ. The Company is a holding company. Details of the Group's activities are provided on page 6.

## 2. ACCOUNTING POLICIES

### 2.1 Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 102 March 2018 '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, as described below.

As a consequence the Company has elected to measure freehold land and buildings leased to other group companies, previously measured at fair value, under the historical cost convention. The fair value at the date of transition has been used as its deemed cost at this date.

Investment properties fair valued at 31st December 2016 of £4,533,000 have been redesignated as freehold property and the difference between the deemed cost and its historic cost treated as a revaluation reserve. As at 1st January 2016 this resulted in the creation of a revaluation reserve of £85,000, with a corresponding decrease in retained earnings.

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 Intangible assets

Acquired bespoke software is included at cost and amortised in equal annual instalments over a period of 5 years which is its estimated useful economic life. Provision is made for any impairment.

### 2.4 Property, plant and equipment

Property, plant and equipment is stated at purchase cost together with any incidental expenses of acquisition, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

- Plant and machinery            4 – 5 years on a straight line basis
- Fixtures and fittings           4 – 5 years on a straight line basis
- Motor vehicles                 4 – 5 years on a straight line basis

Depreciation has not been charged on freehold land and buildings in the year as the directors consider their residual value to be higher than their net book value.

Residual value represents the estimated amount which would currently be obtained from the disposal of an asset after deducting estimated costs of disposal, if the asset were already at an age and in the condition expected at the end of its estimated useful life.

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the assets against the higher of realisable value and value in use.

The gain or loss arising on the disposal of an asset is determined on the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.



# Notes to the Company accounts

For the year ended 31st December 2020 (continued)

## 2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as basic financial instruments – cash and bank balances, trade creditors, accruals, bank loans and inter-company balances.

Cash and bank balances, trade creditors, accruals and inter-company balances (being repayable on demand) are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank loans are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently measured at amortised cost using the effective interest method.

## 2.6 Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss 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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were sold at the reporting date.

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 loss not been recognised.

## 2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities, except where a legal right of set off exists.

## 2.8 Investments

Investments in subsidiaries are measured at cost less impairment.

## 2.9 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 the Company's properties are 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.

## 2.10 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.

## 2.11 Hire purchase and leasing commitments

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the lease asset (or, if lower the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

## 2.12 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that the directors have made in applying the Company's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the financial statements are described below:

### Carrying value of freehold land and buildings

As described in notes 2.1 and 2.4 to the financial statements the Company's freehold land and buildings are now carried at deemed cost with reference to a previous independent valuation as at 31st December 2015. Having given consideration to current property values the directors have considered that the properties residual values exceed their net book values, hence no depreciation need be charged.

### Useful economic lives of plant and machinery

The annual depreciation charge for plant and machinery is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

## 3. INTANGIBLE ASSETS

	Software £'000
Cost	
At 1st January 2020	52
Additions	–
At 31st December 2020	52
Amortisation	
At 1st January 2020	27
Provided for the year	10
At 31st December 2020	37
Net book value	
At 31st December 2020	15
At 31st December 2019	25

# Notes to the Company accounts

For the year ended 31st December 2020 (continued)

## 4. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1st January 2020	4,323	4,812	206	2	9,343
Additions	–	371	25	–	396
Disposals	–	–	–	–	–
At 31st December 2020	4,323	5,183	231	2	9,739
Depreciation					
At 1st January 2020	10	2,539	113	2	2,664
Provided for the year	–	557	20	–	577
Disposals	–	–	–	–	–
At 31st December 2020	10	3,096	133	2	3,241
Net book value					
At 31st December 2020	4,313	2,087	98	–	6,498
At 31st December 2019	4,313	2,273	93	–	6,679

The net book value of tangible fixed assets includes an amount of £534,000 (2019 – £651,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation on these assets for the year was £229,000 (2019 – £183,000). Assets in the course of construction which have not been depreciated total £736,000 (2019 – £710,000).

The historical cost of the freehold land and buildings is £2,855,000.

## 5. INVESTMENTS

### Subsidiary undertakings

	£'000
At 1st January 2020 and 31st December 2020	1,978

The list of subsidiaries is disclosed in note 22 of the consolidated financial statements.

## 6. EMPLOYEES

	2020 No.	2019 No.
Office and management	9	9
	2020 £'000	2019 £'000
<b>Directors' remuneration</b>		
Emoluments for qualifying service	561	539

Certain directors and the central administration team are paid directly by the Company. Further details of directors' remuneration are included in the remuneration report.

## 7. 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.

## 8. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Corporation tax debtor	10	–
Other taxes	31	61
Prepayments	20	142
Amounts owed by group undertakings	1,423	776
	<b>1,484</b>	979

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

	2020 £'000	2019 £'000
Bank overdraft	552	1,499
Bank loan – secured	–	14
Corporation tax	–	6
Trade creditors	12	2
Accruals	182	133
Hire purchase – secured	175	185
	<b>921</b>	1,839

Cross guarantees exist in respect of all Group company bank borrowings. At 31st December 2020 the borrowings guaranteed by the Company amounted to £nil (2019 – £nil).

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

	2020 £'000	2019 £'000
Hire purchase creditor – secured	311	358
	<b>311</b>	358

The hire purchase creditors are secured by fixed charges over certain assets of the Company.

## 11. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
<b>Deferred tax liability</b>		
Accelerated capital allowances	117	97
Rolled over capital gains	63	58
Property fair value adjustment	87	82
Losses	(77)	–
	<b>190</b>	237

	Deferred tax £'000
Balance at 1st January 2020	237
Charge to income statement during the year	47
Balance at 31st December 2020	<b>190</b>

Deferred tax has been recognised at a rate of 19% (2019 – 17%) based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

# Notes to the Company accounts

For the year ended 31st December 2020 (continued)

## 11. PROVISIONS FOR LIABILITIES (CONTINUED)

The Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end. The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing DT position would be to increase the deferred tax liability by £45,000.

## 12. SHARE CAPITAL

	2020 £'000	2019 £'000
<b>Authorised:</b>		
480,000 Ordinary shares of 25p each	120	120
1,200,000 'A' Ordinary shares of 25p each	300	300
	<b>420</b>	<b>420</b>
<b>Allotted, called up and fully paid:</b>		
480,000 Ordinary shares of 25p each	120	120
960,000 'A' Ordinary shares of 25p each	240	240
	<b>360</b>	<b>360</b>

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.

## Five year record

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Turnover	<b>32,803</b>	33,433	35,718	31,449	28,415
Profit from operations	<b>1,377</b>	2,221	3,242	2,341	1,394
Profit before tax	<b>1,195</b>	1,746	3,017	2,201	1,274
Profit after tax	<b>854</b>	1,349	2,229	1,580	855
Basic and diluted earnings per share	<b>59.31p</b>	93.68p	154.79p	109.73p	59.34p



# Notice of meeting

**Notice is hereby** given that the SEVENTY FIRST Annual General Meeting of the members of Braime Group PLC (the 'Company') will be held at the registered office of the Company at Hunslet Road, Leeds, LS10 1JZ on 23rd June 2021 at 11.45am.

## Important Information regarding the AGM

The Company is closely monitoring public health guidance and legislation issued by the UK government in relation to the COVID pandemic. At the time of writing, the government continues to place restrictions on mass gatherings and social contact. However, it is expected shareholder attendance will be possible under the government's published roadmap and we are therefore proposing to go ahead with an open meeting. Shareholders intending to attend the AGM are asked to register their intention as soon as possible by emailing [investor@braime.co.uk](mailto:investor@braime.co.uk).

The health and safety of our colleagues and shareholders is very important to us. Given the constantly evolving nature of the situation, should circumstances change such that we consider it is no longer possible for shareholders to attend the meeting or limiting the numbers in attendance is required, we will notify shareholders through the Company's website [www.braimegroup.com](http://www.braimegroup.com) and, where appropriate, by a Regulatory News Service announcement.

For the same reason of uncertainty, we strongly encourage all shareholders to exercise their votes by submitting their proxy by post in advance of the meeting and shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy. Details of how to do this are set out in the accompanying notes to the Notice on page 67. This will ensure that your votes are cast in accordance with your wishes.

Irrespective of the guidelines in place at the time of the 2021 AGM, we understand that some shareholders may not wish to travel but may still wish to ask questions of the board. Any questions should be emailed to [investor@braime.co.uk](mailto:investor@braime.co.uk) in advance and we will endeavour to add a synopsis of all questions and answers to our website shortly after the meeting.

## 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 2020, and the report of the auditors thereon.
2. To confirm the dividends paid on 16th October 2020 and 25th May 2021 on the Ordinary and 'A' Ordinary shares.
3. a) To re-appoint as a director C. B. Cartwright, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers herself for re-election.  
b) To re-appoint as a director A. W. Walker, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.
4. To re-appoint Kirk Newsholme as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid.
5. To authorise the directors to set the remuneration of the auditors.

By order of the board,

**Cielo Cartwright**, Secretary

Hunslet Road, Leeds, LS10 1JZ

27th April 2021

# Explanatory notes of resolutions

## ACCOMPANYING NOTES

1. A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his/her 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 11:45am on 21st June 2021.
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 2020 of all transactions of each director and, so far as he/she can reasonably ascertain, of his/her 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 11.45am on 21st June 2021. 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.

# Explanatory notes of resolutions

(continued)

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

**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 2020 to the meeting.

#### 2. Confirmation of dividends

To confirm the interim dividend on the Ordinary and 'A' Ordinary shares of 4.00p per share paid on 16th October 2020 and 7.80p per share paid on 25th May 2021.

#### 3. Re-appointment of directors

The Articles of Association of the Company require the nearest number to one third of the directors to retire at each Annual General Meeting. Accordingly, C. B. Cartwright and A. W. Walker are retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election.

#### 4. 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.

#### 5. Remuneration of auditors

The resolution proposes the reappointment of the Company's existing auditors, Kirk Newsholme, and authorises the directors to agree their remuneration.

## Directors and advisers

<b>Directors</b>	Nicholas Braime, MA (Oxon), MBIM (Chairman) Peter Alcock, B. Eng. (Non-executive director) Andrew Walker, MA (Cantab) (Non-executive director) Alan Braime, BA (Hons), FCA Carl Braime, BSc (Hons), MSc, MBA Cielo Cartwright, BSc (Hons), FCA
<b>Secretary</b>	Cielo Cartwright, BSc (Hons), FCA
<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 3rd Floor, Royal House, 28 Sovereign Street, Leeds LS1 4BJ
<b>Company registration Number</b>	488001 (England and Wales)



### **Braime Group – a rich heritage dating back to 1888**

The Group has a rich heritage, tracing back its origins to the 19th century, when oilcans made in a small workshop by Thomas Braime quickly gained a reputation for quality. Thomas, the eldest son of a veterinary surgeon, was apprenticed to McLaren, an engineering company manufacturing steam traction engines. After losing his thumb in an accident, he was inspired to look for effective ways to apply oil to machinery. In 1888, he set up production in Hunslet, Leeds, using the new pressings technology. His younger brother Harry, also a skilled engineer joined him as partner. The rise of the motor industry increased demand for metal pressings and larger premises were soon needed for the expanding business. The current Braime buildings, with its attractive red brick and terracotta frontage, was constructed between 1911 and 1914. During the First World War, the Company played an important role in armament provision, training women as skilled munition workers. The Group's headquarters remains its listed buildings on Hunslet Road, the beautiful interiors are often used in film sets. However, today, the Group is truly international with subsidiaries in North America, Europe, China, South East Asia, Africa and Australia.





## **Braime Group PLC**

Hunslet Road  
Leeds LS10 1JZ  
England, UK  
[www.braimegroup.com](http://www.braimegroup.com)