



BRAIME
GROUP PLC
2023



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, the United Arab Emirates and the United States.



OVER 130 YEARS OF ENGINEERING EXCELLENCE
BETTER BY DESIGN

Front cover: In situ bucket elevator upgrade with 4B components: steel cord belting, mechanical splice, fabricated steel buckets and elevator bolts, USA.
Above: Belt slitting and punching at our headquarters on Hunslet Road, Leeds UK.

“The Group has had another excellent year despite a mixed economic backdrop globally.”

Nicholas Braime, Chairman
22nd April 2024

Financial Highlights 2023

Turnover (£m)



Profit from operations (£m) before exceptional item



Contents

Strategic report

Group at a glance	2
Chairman's statement	4
Business review	5
Group strategic report	7
Corporate social responsibility	11
The Board	12

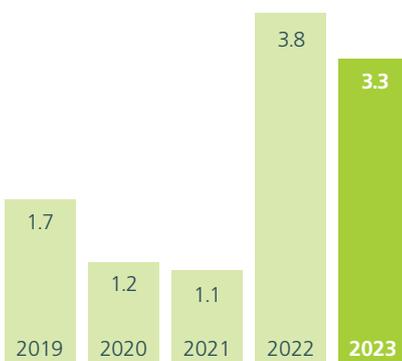
Governance

Corporate governance report	13
Directors' report	19
Directors' remuneration report	21
Independent auditors' report	22

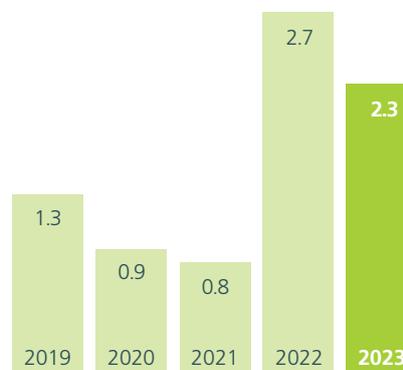
Financial statements

Consolidated income statement	28
Consolidated statement of comprehensive income	29
Consolidated balance sheet	30
Consolidated cash flow statement	31
Consolidated statement of changes in equity	32
Notes to the accounts	33
Company balance sheet	60
Company statement of changes in equity	60
Notes to the Company accounts	61
Five year record	68
Notice of meeting	69
Explanatory notes of resolutions	71
Directors and advisers	72

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 addition to the 4B division is 4B Middle East, based in Sharjah, UAE. This was opened in July 2023, 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 over 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 and ISO.

For more information please visit: www.braimepressings.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.



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 conveyor machines.



The 4B division consists of the following trading companies:

- 4B Braime Components Limited, based in Leeds, UK
- 4B Braime Components Limited, based in Sharjah, UAE
- 4B Elevator Components Limited, based in Morton, Illinois, USA
- 4B-France sarl, based in Villers-Bretonneux, 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



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

High level results

I am pleased to announce Group revenue for 2023 of £48.2m and profit before tax of £3.3m. These results are discussed further in the Chief Executives' Business Review and the Group Strategic Report, however I am delighted with the results given the general economic climate.

Dividends

The Company paid an interim dividend of 5.25p in October 2023. Based on the results above the directors propose paying a second interim dividend of 9.50p on the 24th May 2024 to the holders of the Ordinary and "A" Ordinary Shares on the share register on 10th May 2024. The ex-dividend date is 9th May 2024. This brings the total dividend paid in relation to the 2023 financial year to 14.75p, compared to 13.75p in 2022.

Overall strategy

Our strategy remains largely unchanged, continuing to invest in constantly improving our production processes and exploring new global markets for our niche products and developing new innovations for our customers' engineering challenges.

Staff

I would like to thank all our staff and colleagues who have continued to provide commitment, ideas and enthusiasm throughout the year. The quality and commitment of our people has been at the heart of our business success. This has been demonstrated in many ways, including the deepening relationships with our customers, and continual development of our product lines and their flexibility in adapting to the ever-changing business landscape.

Current trading and outlook

Much of the world economy is currently either in recession, or at risk of being in recession, and although its degree varies across different countries and regions, nevertheless this will inevitably affect our own performance in 2024. This long predicted and widely discussed global economic downturn began in early 2023 but thankfully affected our businesses less, and also much later in the year, than I had thought when I wrote last year's Chairman's statement, and the outlook at the half-year in 2023.

The principal market for a large proportion of the pressed steel components manufactured by Braime Pressings is the commercial

vehicle industry; historically this has been the last sector to feel the effects of a downturn in the economy and unfortunately has usually been the last sector to recover. Although Braime Pressings has secured orders for additional products from its customers in this important sector of our business, as well as winning some large additional work for pressed steel components from entirely new industry sectors, in this instance from both the energy and building sectors, nevertheless current levels of sales remain slightly below last year's figures and we expect this situation to continue for much of 2024.

The principal sales of the Group globally, made through the 4B division of the Group, are of components for new equipment used in the "Bulk Material Handling Industry." The highest volume of these sales are used in new machinery required for even larger new facilities to store or process granular products used primarily in food production. Although the construction and final completion of these investments were often delayed on site by the Covid epidemic, the number of investment projects to expand food production actually increased through the post Covid period and continued to do so through 2022 and 2023. The quantity of these investments were the primary reason behind the Group's sequence of positive results. However, we understand that the level of such investments globally is currently much lower, so the activities of the major original equipment manufacturers (OEMs) of new machinery, which require large volumes of both the mechanical and electronic components supplied by the Group, are similarly being supplied in more lower volumes, especially in the Western European market. This leads to more competition for the same demand and pressure on margins because of the increased competition for the supply to the ongoing remaining projects. Eastern and Central Europe, including the Ukraine, and more recently Russia itself, had become major areas of investment in new facilities to store and process cereals, but these regions have largely been closed; and this has also reduced the sales for our newer OEM customers in the Asian markets. Fortunately, in 2024, we continue to benefit from ongoing investment in new facilities in the USA and South America.

The 4B division of the Group also makes substantial sales to existing facilities we refer to as "End Users" and who provide a significant spares market for our traditional mechanical products and also for the Group's new electronic products, which improve safety and reduce maintenance. This is a business sector that we have targeted and which remained buoyant both through Covid and continues to be so even in the current downturn. This helps provide the Group with stability at a time when we consider the market for new machinery to be running at a low ebb and is a benefit of 4B division's increasing product range and also of the Group's global geographic spread of sales.

So overall, while we expect lower sales volume in 2024, this is offset partially by sales of new product lines launched in late 2023. We remain hopeful, in spite of the current parlous state of the global economy, of a reasonably positive result in 2024.

Nicholas Braime, Chairman

22nd April 2024

Business review

Business overview

We are delighted that the Group has had another excellent year despite a mixed economic backdrop globally. Our Group revenue of £48.2m is a new record. We are pleased that post-covid, we have continued to see year on year sales growth since 2020. Profit from operations was £3.7m and profit before tax was £3.3m.

Much of the sales growth this year has been generated from the strong performance in the USA and South American markets which have continued to see investments in the grain and feed sector. The Americas increased sales by 22% in 2023 to £23m. By contrast, the European market has remained fairly static in part due to the ongoing war in the Ukraine and the economic slowdown and rising inflation across much of the continent which has dampened demand for investment in new bulk handling facilities. We have seen some growth in revenue in Africa while sales in the Asia Pacific region have remained in line with prior year despite a considerable slowdown of the Chinese economy and difficult market conditions in Australia and parts of SE Asia.

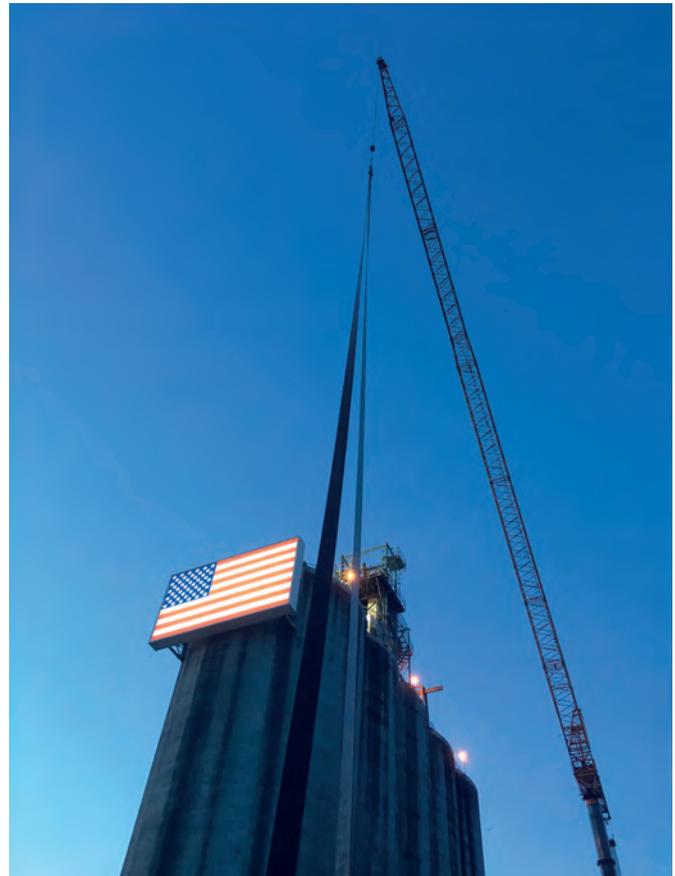
In the UK, our steel components manufacturing business has been impacted by a more cautious approach to stock-build by external and internal customers and revenues fell to £10.5m from £11.8m in 2022.

New business product development

As a Group we continue to benefit from our long-term strategy of investment in continually developing new products and markets. The Group benefits from its global presence with subsidiaries located across the world and a great distribution network through its long-term partners. Our strategy going into 2024 is to continue to invest in manufacturing improvements, new innovative products and developing new markets to extend our distribution.

The Group has strengthened its global presence and expanded its multinational trading business with the opening of a new 4B subsidiary branch in the UAE in the summer of 2023. 4B Middle East is 4B's 8th international trading entity, further extending the company's global reach. 4B has been serving customers in the Middle East for many years, across many industries ranging from grain handling to fertilizer and cement. With its local office in the UAE, 4B is now available to provide on-site engineering and after sales support, which are at the heart of 4B's customer service philosophy. The opening of the 4B Middle East office brings us closer to our customers in the region and enables us to directly support them with technological material handling solutions. The Middle East is an area of strategic importance with great resources and is a region of significant economic growth.

The Group remains focused on innovation, a strategy that continues to maintain 4B at the leading edge of technology for our market sector. Recent product releases such as the IE node and 4B Encoder have proven to be great additions to our electronics product portfolio and have been well received by our customers. In 2023, the Group has again launched a number of new innovative electronics products designed for dust hazardous environments and condition monitoring. The



110 metres of 2500 N/mm steel cord elevator belting being installed in cement terminal in Oregon, USA.

recently released IE-GuardFlex strengthens the range and scope of hazard monitoring systems provided by 4B. This centralised controller and distributed node-based solution fits perfectly to large end user systems providing advanced hazard monitoring features suitable for all machine types and offers a cost-effective alternative to traditional PLC based implementations. Our universal speed relay has a simple and intuitive graphical display which allows easy and precise machine set up to monitor over- and under-speed, while our range of Mili-VIB 4-20mA sensors offer a condition monitoring solution for continuous monitoring of vibration levels and temperature in industrial environments and hazardous areas providing reliable and accurate data that can be used to optimise performance and increase equipment longevity.

Our UK manufacturing business has been working closely with customers to convert costly manufacturing processes into lower cost volume presswork. The knowledge and skill set of our manufacturing team has proved fundamental in facilitating this new business and we now see opportunities in the application of these processes to the construction and buildings industries.

Business review (continued)



Aerial view of crushing plant and elevator equipment in Quindao, China.

New capital investments

The Group continues to spend capital to maintain its productivity and to safeguard its asset base through appropriate redevelopment and refurbishment of plant and property as well as the purchase of new machinery. In 2023, the Group invested £1.6m in capital investments. £0.4m of this relates to enhancements to the chain cell area. As discussed in last year's report, we took advantage of the necessity forced upon us to rebuild the chain cell area to improve the efficiency of production areas and to increase our existing capacity to ensure the ongoing growth of this product line.

We also invested £0.4m on the redevelopment of our manufacturing dispatch yard and the construction of an additional employee car park to the rear of our Hunslet property which includes an attenuation tank to minimise the risk of oil spillages contamination and is also a flood defence. As reported last year, in February 2023 we completed the second phase of our solar panel installation, an important feature of our sustainability.

In the USA, we strengthened our portfolio of plastic injection moulding machines in our US facility with the purchase of a 528-tonne moulding machine and invested in new tooling for our range of 5 inch projection CC-S buckets. These investments help to strengthen our position as one of the top three manufacturers of plastic elevator buckets in the USA and facilitate our ability to provide a 'one stop shop' package solution of buckets, belts, bolts and belt fasteners to our end user and OEM customers.

Similarly, investments made in our robotic lines for manufacturing steel elevator buckets will help maintain our position as the market leader and enable us to increase volumes while the refurbishment of our large hydraulic 400t press will also enable us to target new business in areas outside of the automotive and materials handling industries.

2023 has built on the process improvements and innovation activities of 2022 and we look forward to an exciting year in 2024 continuing our strategy of investment in improving manufacturing efficiencies, new product development and new market opportunities.

Carl Braime,
Joint Chief Executive Officer

Alan Braime,
Joint Chief Executive Officer

Group strategic report

The directors present their strategic report of the Company and the Group for the year ended 31st December 2023.

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 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, the Middle East, Asia, Australia and Africa and in 2023 traded in ninety-eight countries. The US subsidiary also has an injection-moulding plant. All injection-moulded products are made wholly for 4B internal consumption and this is classed as 4B division activity rather than included in the manufacturing segment.

Performance highlights

The board is pleased to report better results than was anticipated at the start of the year. For the year ended 31st December 2023, the Group generated revenues of £48.2m, up £3.3m from prior year. Profit from operations was £3.7m, down £351,000 from prior year and EBITDA was £5.4m, down £208,000 from prior year.

Profit before tax was £3.3m, down £487,000 from prior year.

At 31st December 2023, the Group had net assets of £20.8m.

Cash flow

Inventories decreased by £702,000 as the Group utilised stock built up during 2022 when sales were rising rapidly. Trade and other receivables similarly decreased, down £998,000 reflecting lower customer activity during the period close to the year end. There was a corresponding decrease in our trade and other payables of £2.1m reflecting the decrease in purchases of stock. In total the business generated funds from operations of £3.2m (2022 – £3.4m). During the year, the Group spent £1.6m on property, plant and equipment; £775,000 of this was on improvements to our Hunslet property in the UK, and £860,000 on purchases of plant and machinery, mainly for our manufacturing division. After the payment of other financial costs and the dividend, the cash balance (net of overdraft) was £2.2m, an increase of £1.4m from the prior year.

Bank facilities

The Group's operating banking facilities are renewed annually. At the year end, the available headroom on its operating facilities was £3.4m. As previously announced, the Group had additionally obtained a development loan facility of £1.5m from its bankers HSBC for the Hunslet Road chain cell project, of which only £978,000 was ever drawn down. Post-year end in February 2024, in line with expectations at the time of taking out the development facility, this was converted to a term loan, repayable over five years at an interest of 2.5% above base rate. The business continues to enjoy good relations with its bankers.

Taxation

The tax charge for the year was £999,000, with an effective rate of tax of 30.0% (2022 – 28.8%). The effective rate is higher than the averaged UK standard tax rate of 23.5% (2022 – 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 2023, the Group invested £1.6m (2022 – £2.8m) in property, plant and equipment and intangible assets. In addition to £775,000 spent on the UK chain cell enhancements, solar panels and improved rear car park facilities, the Group has also spent £860,000 enhancing its engineering capabilities, purchasing robotic controls and sensors, a new access control system, a 600t press in the UK, and a new injection moulding machine and plastic bucket moulds in the USA.

Balance sheet

Net assets of the Group have increased to £20.8m (2022 – £19.2m). Sterling strengthened against the United States dollar in 2023 from a low base in 2022. Consequently, a foreign exchange loss of £505,000 (2022 – £815,000 gain) was recorded on the re-translation of the net assets of the overseas operations, which has decreased retained earnings in the year.



A coordinate-measuring machine (CMM) probing depth to the order of microns, Leeds, UK.

Group strategic report (continued)



Principal exchange rates

The Group reports its results in sterling, its presentational currency. The Group operates in a number of other currencies and the principal exchange rates in use during 2023 and the comparative figures for 2022 are shown in the table below.

Currency	Symbol	Average rate Full year 2023	Average rate Full year 2022	Closing rate 31st Dec 2023	Closing rate 31st Dec 2022
Australian Dollar	AUD	1.880	1.777	1.868	1.771
Chinese Renminbi (Yuan)	CNY	8.821	8.354	9.041	8.394
Euro	EUR	1.152	1.170	1.154	1.128
South African Rand	ZAR	23.088	20.155	23.307	20.385
Thai Baht	THB	43.423	43.159	43.805	41.589
United States Dollar	USD	1.248	1.232	1.275	1.204

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 presswork manufacturing business is to produce quality, technically demanding steel 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 £10.5m were down £1.4m on prior year. External sales and intercompany sales were £5.7m and £4.8m as compared to £6.7m and £5.1m respectively in 2022. Profit for the period was £613,000 (2022 – £1.0m). 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 supplier of components and monitoring systems for the material handling industry

Revenues increased from £46.3m to £50.3m, with external sales up £4.3m to £42.4m. Profit for the period fell by £550,000 to £2.3m. The North American market continued its strong growth in 2023, with external revenues up 22% to £23m, and Africa also performed strongly with sales up 17%. However, the ongoing war in Ukraine has continued to dampen European sales which are down from 2022 and the Pacific region sales have remained static.



Our subsidiary branch 4B Middle East display at the Saudi Agriculture Export Exhibition, Riyadh, Saudi Arabia.

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	2023	2022
Turnover growth	1	7.3%	23.3%
Gross margin	2	46.8%	47.6%
Operating profit	3	3.75m	4.45m
Stock days	4	179 days	206 days
Debtor days	5	52 days	64 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 growth is lower than 2022, which was an exceptional year, the board remain pleased with the revenue growth achieved particularly in the North American sector.

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 decrease in gross margin is the result of continuing higher material prices, across all product categories.

3. Operating profit before exceptional item

Sustainable growth in operating profit is a strategic priority to enable ongoing investment and increase shareholder value. Reduction in operating profit, follows an exceptionally strong year in 2022 and management remains pleased with the results in the current economic climate.

4. Stock days

The value of period end 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. Stock days have decreased due to the unwinding of the inventory build-up in December 2022, which was put in place to mitigate the impact of increases in raw materials costs in 2022.

5. Debtor days

The value of period end trade receivables divided by revenue expressed as a number of days. This is an important indicator of working capital requirements. Debtor days have decreased as a result of lower sales growth compared to 2022, particularly towards the end of the financial year.

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

Principal risks and uncertainties

The continued conflict in Ukraine and now Gaza as well as other geo-political pressures create uncertainties in the world markets in which the Group operates.

The Group's short reporting lines of management means it can remain nimble footed to sudden and/or large changes in the business landscape.

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 overseas 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.
- **Energy price fluctuation:-** The manufacturing division is energy intensive. It uses forward contracts to mitigate volatility and is continually evaluating its processes to reduce energy consumption and generate energy.
- **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.

Group strategic report (continued)

Principal risks and uncertainties (continued)

- **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.
- **Cyber security:-** All businesses now rely almost totally on computers, networks and systems with 'data' information held on them, and require privacy and integrity of this data. The likelihood of cyber security attacks and security threats are key risks for every organisation. The Group reviews its security measures regularly with its IT providers.

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 19 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 direct exposure to securities price risk, as it holds no listed equity instruments. The Group maintains a defined benefit scheme, the asset valuations are subject to market changes (note 21).

Foreign currency risk

The Group operates 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.

Research and development

The Group continues to invest in research and development and from time to time 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.

On behalf of the board

Cielo Cartwright, Chief Financial Officer

22nd April 2024

Corporate social responsibility

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.

Health and safety

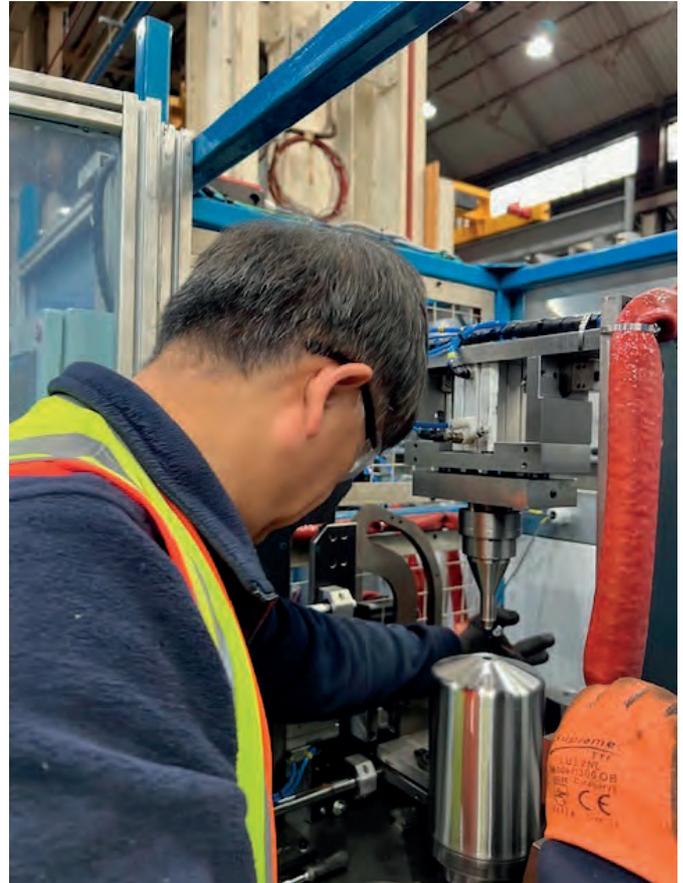
We maintain healthy and safe working conditions on our sites and measure our ability to keep employees and visitors safe. We continuously aim to improve our working environments to ensure we are able to provide safe occupational health and safety standards to our employees and visitors. The directors receive monthly H&S reports and we carry out regular risk management audits to identify areas for improvement and to minimise safety risks. 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. The experience of the past two years has improved our plans and procedures in the event of future pandemics.

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.

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 and is currently looking at the new reporting requirements that may fall due in the future. The Group continuously looks for ways to harness energy reduction (electricity and gas) and water. The Company has already installed two solar PV systems on its UK premises generating



Trimming and polishing deep drawn stainless cans, Braime Pressings, UK.

310 KWh of energy. During the period of this report the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations. The board is cognizant that climate change will change the business landscape for the future and is working to understand its wide-ranging impact on the Group's activities and operations.

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.

Cielo Cartwright, Chief Financial Officer
22nd April 2024

The Board



Nicholas Braime, Executive Chairman

Nicholas 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 was appointed Chairman in 1987 and became Group Managing Director in 2006. He stepped down

as Managing Director in February 2023. Nicholas remains Executive Chairman and takes a prime interest in the Group's infrastructure and product development. 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, Joint Chief Executive Officer

Alan qualified as a chartered accountant with KPMG where he worked for four years before joining the Group. Alan joined the board in 2010 as Group Commercial Director and was jointly appointed Group CEO in February 2023. He oversees the commercial operations of our manufacturing division Braime Pressings Limited

as well as our operations in Thailand. Alan is also responsible for the Group's IT operations and strategy. Alan has spent considerable time on the 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, Joint Chief Executive Officer

Carl joined the Group in 2004 as Group Sales Director and was jointly appointed Group CEO in February 2023. Carl spent a number of years in South America with the Group prior to being appointed to the board in 2010. He is responsible for the 4B division, overseeing its strategic customer relationships, as well as the management

of key supply chains and its marketing strategy. Carl has built up a strong expertise and know-how of the Group's product offerings and technologies, and their interdependencies.



Cielo Cartwright, Chief Financial Officer

Cielo 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.



Mark Cooper, Non-Executive Director

Mark was until 2022 the Managing Director of Steel & Alloy, which is part of the multinational conglomerate Gonvarri Industries. Mark has 40 years of experience with Steel & Alloy and has served in a variety of senior executive roles including sales and procurement and was instrumental in setting up Steel & Alloy's plant

in Turkey where he also served as Managing Director. Mark brings with him significant knowledge of the steel and automotive industry.



Dr Tony Steels, Non-Executive Director

Tony was until recently Chief Executive of Mpac Group PLC and has a significant track record of profitable, sustainable growth in the global technology and capital equipment industry. Tony has previously held a number of senior executive UK and international management positions at Cytec Industries Inc., Umeco Plc and

Georg Fischer AG, based in the UK and China. He has degrees in engineering, management and a PhD in business process modelling from UMIST. Tony is the Senior Independent Director.



Philip Stockdale, Non-Executive Director

Philip has a degree in mathematics and electronics from the OU, and is a certified electrical engineer. He has extensive experience of the nuclear, oil and gas, engineering and manufacturing industries. Philip has previously held senior executive roles in a number of multinationals including AGT International, Thales, and

Engica Technology Systems International. Philip's key expertise is strategy and business development.

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 2018 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 2023. The board considers that it has complied with the recommendations of the QCA Code throughout the year with the exception of January and February, when the role of Chairman and Chief Executive was 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. These principles are as follows:

QCA Code Principle	How it should be applied	How the Company applied it
1. Establish a strategy and business model which promote long-term value for shareholders	The board must express a shared view of the Company's purpose, business model and strategy and set out how the Company intends to deliver shareholder value in the medium to long term. It should demonstrate that the delivery is underpinned by a clear set of values aimed at protecting the Company from unnecessary risk and securing its long-term future.	The main area of our business is focused on handling agricultural commodities and our strategy is to increase our geographical reach in this global market and to develop new products to enhance our offering. The principal risks and uncertainties surrounding execution of our strategy are set out in the Group strategic report
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base. The board must manage shareholder's expectations and should seek to understand the motivations behind shareholder voting decisions.	The Company engages with shareholders through its website and at the annual general meeting. At the AGM, a presentation of the business activity and outlook is presented by the Chairman. The feedback from shareholders attending the most recent AGM has been very positive. Responsibility for shareholder liaison rests with the Chairman, and in his absence, with the Company Secretary.
3. Take into account wider stakeholder and social responsibilities and their implications for long term success	Long-term success relies upon good relations with a range of different stakeholder groups both internal and external. Communities within which the Company operates have the potential to affect the Company's ability to deliver shareholder value. Systems need to be in place to solicit, consider, and act on feedback from all stakeholder groups.	The Company recognises the importance of maintaining good relations with key stakeholder groups, in addition to its members, these are its employees, customers, key suppliers and regulatory bodies. The Company dedicates significant time to understanding and acting on the needs and requirements of each of these groups via meetings dedicated to obtaining feedback. The Group is fortunate to have so many proactive and longstanding employees and staff turnover remains very low. The Group has dedicated quality teams and works very closely with its key suppliers in key product categories such as monitors, chain, belts and steel, to ensure that products continue to meet the appropriate quality standards, and features are regularly enhanced to obtain and maintain competitive edge.

Corporate governance report (continued)

Principles and approach (continued)

QCA Code Principle	How it should be applied	How the Company applied it
4. Embed effective risk management considering both opportunities and threats	The board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy and to consider the supply chain, from key suppliers to end-customer. Setting strategy should include extend of exposure to the identified risks that the Company is able and willing to bear.	The executives have undergone a business continuity planning exercise to understand its exposure to the loss of key staff, suppliers, customers and other natural catastrophic events, enabling the generation of a risk register. Principal risks facing the Group are set out in the Group 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.
5. Maintain the board as a well functioning balanced team led by the chair	The board members are collectively and legally responsible for promoting the interests of the company and for defining corporate governance arrangements. Ultimately the quality and approach to governance lies with the chair. The board should be provided with timely, quality information to facilitate assessment of matters requiring decision or insight. The board should have an appropriate balance between executive and non-executive and have at least two non-executive directors.	The board consists of four Executive Directors, Nicholas Braime, Carl Braime, Alan Braime and Cielo Cartwright, and three Non-Executive Directors, Mark Cooper, Tony Steels and Philip Stockdale who joined the Board from 1st May 2023 replacing Peter Alcock and Andrew Walker who both stepped down from office on 22nd June 2023. Tony Steels is Senior Independent Director and chairs the board meetings in Nicholas' absence. Board meetings are held monthly. Certain matters are standing agenda items at each board meeting – these include disclosure of directors' interests, health and safety, reports from the CEOs and heads of the subsidiary businesses, the CFO's report, specific customer issues, IT, major capital expenditure, business development and AIM disclosures. A formal agenda, board papers including minutes of the last meeting are circulated in advance. The attendance of the directors at board meetings can be found below.
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities	The board must have an appropriate balance of sector, financial, and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities.	The board members' experience and areas of expertise can be found in The Board section. The board is committed to the promotion of gender balance and diversity within its workforce. At the time of writing there are six male board members and one female board member. The Company organises briefings from its NOMAD for the directors covering regulations that are relevant to their role as directors of an AIM-quoted company. These are held at a minimum on an annual basis. The Company has not to date, 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.
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The board should review the effectiveness of its performance as well as that of its committees and directors.	Performance targets are set as part of the budgeting process. Evaluation of the performance of the Company's board has historically been implemented in an informal manner and no formal board performance evaluation took place during the year. 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 have either 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 annual report. The role of the various governance committees are set out further down this section.

QCA Code Principle	How it should be applied	How the Company applied it
8. Promote a culture that is based on ethical values and behaviours	The board should embody and promote a corporate culture that is based on sound ethical values and use it as an asset and source of competitive advantage. The policy and culture should be visible. The corporate culture should be recognisable.	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 a standing topic at every board meeting and the board discusses examples of behaviours that either aligns with or 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, and 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 all employees and contractors have worked in line with the Group's values during this financial year.
9. Maintain governance structures and processes that are fit for purpose and support good decision making	The Company should maintain governance structures in line with its corporate culture and appropriate to its size and complexity and its capacity, appetite and tolerance for risk.	The board has a number of informal subcommittees which the directors consider appropriate for the size of the business and are described further below. For the first two months of the year, the roles of Chairman and Chief Executive were fulfilled by Nicholas Braime which was a departure from the recommendations of the QCA code. However, this matter has been addressed by making some changes to the board as explained in the 'Responsibilities of the board' section below. Certain matters are reserved for the board for its consideration. These are set out below in this section.
10. Communication how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	A healthy dialogue should exist between the board and all its stakeholders. In particular, appropriate communication and reporting should exist between the board and all constituent parts of its shareholder base.	The Company's website provides all historical RNS announcements, interim reports and annual reports. The annual reports and AGM circulars are posted directly to all registered shareholders or nominees. Communication with shareholder base is primarily conducted at general meetings which include presentations by the Chairman. Historical annual reports including notices of all general meetings are shown in the investor section. The Company also maintains email and phone contacts which shareholders can use to make enquiries or requests. At the last AGM, all resolutions were passed unanimously by the shareholders voting. At this stage the Company does not publish an Audit Committee report or a Remuneration Committee report but it may look to do so in the future.

Corporate governance report (continued)

Strategy and risks

The Group strategic report on pages 7 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 across all its 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 recent Covid-19 pandemic. The principal risks facing the business are set out in pages 9 to 10 of the Group 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.

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

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

The board comprises of four Executive Directors and three Non-Executive Directors. For the first four months of the year ended 31st December 2023 the board comprised of four Executive Directors and two Non-Executive Directors. Three new

Non-Executive Directors were appointed to the board on 1st May 2023 and the two long standing non-executives retired at the AGM on 22nd June 2023. The Chief Financial Officer 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 12. 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 three 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 informal sub-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 as shown in the meeting attendance table. Any significant changes to awards to senior management are 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 regular 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 typically uses the whole board to consider matters of nomination and succession. However with respect to the appointment of the Joint Chief Executives in February 2023, the nomination committee comprised of the Chairman and the two previous Non-Executives, with the Chief Financial Officer acting as Secretary. 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.

For the first two months of the year, the roles of Chairman and Chief Executive were fulfilled by Nicholas Braime. Whilst this was a departure from the recommendation of the QCA code, the board considered this practical arrangement enabled 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. As part of the Group's succession planning, Nicholas stepped down as Chief Executive in February 2023, and Alan Braime and Carl Braime were appointed Joint Chief Executives, thereby splitting Nicholas' role as both Chairman and Chief Executive. Together Alan and Carl lead the execution of the overall Group strategy. In particular, Carl Braime oversees the 4B division whilst Alan focuses on the manufacturing division. Nicholas remains Executive Chairman.

The role of Company Secretary is fulfilled by Cielo Cartwright, the Chief Financial Officer. 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.

Board attendance and agenda

Executive directors are employed on a full time basis and non-executive directors are expected to commit to a minimum of 20 days per year.

The board met formally 11 times throughout the year. Briefing

papers were circulated electronically but available in paper format on request. During the year some board meetings were held as hybrid meetings, with some board members participating online. 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 executives.

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. M. T. Cooper, T. Steels and P. P. Stockdale joined the board on 1st May 2023. P. J. O. Alcock and A. W. Walker retired from the board on 22nd June 2023.

Meeting attendance during 2023

Director	Board (11)	Audit & Risk Committee (1)	Remuneration Committee (1)
O. N. A. Braime	10	1	1
A. Q. Braime	11	1	–
C. O. Braime	11	1	–
C. B. Cartwright	11	1	–
P. J. O. Alcock	5	1	–
A. W. Walker	5	1	–
M. T. Cooper	7	–	1
T. Steels	7	–	1
P. P. Stockdale	6	–	1

Board evaluation

The board continues to evaluate improvements to its conduct of business. Improvements have continued to be implemented throughout the year. During 2023, presentations from the Managing Directors of all 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 a rolling programme of such presentations are again planned for 2024, and will include heads of product.

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 executives. The board supports and encourages all directors to undertake the necessary training and take up opportunities for professional and personal development.

Corporate governance report (continued)

Board evaluation (continued)

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 Group 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. Overseas trips which had been curtailed during the pandemic have been reinstated. However, the use on-line video conferencing, which became the norm during the pandemic has also become established as a regular feature of communications. 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.brainmegroup.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. This is discussed further in point 8 of the QCA Code Principles.

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 2023.

Results and dividends

The profit for the year after taxation and transferred to reserves was £2,336,000 (2022 – £2,721,000). 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 2023	1st January 2023
Peter Alcock (retired 22nd June 2023)		
Ordinary shares	1,000	1,000
'A' Ordinary shares	5,000	5,000
Alan Braime		
Ordinary shares	35,175	35,175
Carl Braime		
Ordinary shares	35,175	35,175
Nicholas Braime		
Ordinary shares	143,400	143,400
Cielo Cartwright		
Ordinary shares	–	–
Mark Cooper (appointed 1st May 2023)		
Ordinary shares	–	–
Tony Steels (appointed 1st May 2023)		
Ordinary shares	–	–
Philip Stockdale (appointed 1st May 2023)		
Ordinary shares	–	–
Andrew Walker (retired 22nd June 2023)		
Ordinary shares	100	100
'A' Ordinary shares	300	300

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

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

In accordance with the Company's Articles of Association C. M. B. Cartwright retires by rotation and, being eligible, offers herself 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 11th April 2024, apart from the directors, only the following persons are interested in more than 3% of the Ordinary shares of the Company:

	Ordinary shares held	Percentage
CGWL Nominees Limited A/C GC1	72,500	15.10%
Hargreaves Lansdown (Nominees) Limited A/C HLNOM	31,608	6.59%
Mrs P. V. Smith	27,500	5.73%
Ferlim Nominees Limited Des. POOLED	26,063	5.43%
W B Nominees Limited A/C ISAMAX	21,600	4.50%
Lion Nominees Limited A/C RB	20,000	4.17%
Mrs A. Barnes	16,655	3.47%

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

As noted in its Group 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 £786,000 to £2,172,000 as at 31st December 2023.

Directors' report (continued)

Going concern (continued)

During the period the Group funding of working capital decreased by £353,000 arising from a decrease in trade and other payables, which were partially offset by decreases in trade and other receivables and inventories of £998,000 and £702,000 respectively. Overall cash derived from operating activities generated £3,237,000 (2022 – £3,423,000) net of the increased working capital funding.

At 31st December 2023, the available headroom within the Group's borrowing facilities amounted to £3,390,000. 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 UK 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 UK 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 £13,000 (2022 – £16,000) 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 the reporting requirements fall on the Company as an individual entity, and neither the Company, nor any of its individual subsidiaries, met the threshold criteria for the year ended 31st December 2023.

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
22nd April 2024

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

As noted in the Corporate Governance report, Executive directors' pay is subject to the decision of the whole board and not of a formal 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.

Service contracts

The non-executive directors have service contracts with the Company. 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 2023 £'000	Total 2022 £'000	Pension contributions 2023 £'000	Pension contributions 2022 £'000
Executive directors							
Nicholas Braime	–	194	8	202	239	–	–
Alan Braime	–	175	2	177	135	25	18
Carl Braime	–	175	2	177	135	25	18
Cielo Cartwright	–	140	1	141	124	12	12
Non-executive directors							
Peter Alcock (retired 22nd June 2023)	16	–	–	16	31	–	–
Andrew Walker (retired 22nd June 2023)	16	–	–	16	31	–	–
Mark Cooper (appointed 1st May 2023)	22	–	–	22	–	–	–
Tony Steels (appointed 1st May 2023)	22	–	–	22	–	–	–
Philip Stockdale (appointed 1st May 2023)	22	–	–	22	–	–	–
	98	684	13	795	695	62	48
Paid by the Company	98	509	11	618	560	37	30

The estimated taxable value of benefits-in-kind includes private medical cover. Pension contributions represent amounts paid to defined contribution pension schemes. Cielo Cartwright is provided with an electric company car.

Approval

The directors' remuneration report was approved by the board on 22nd April 2024.

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 2023 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards. 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 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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.

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 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.

Our approach to the 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 74.11% of Group turnover, 79.48% of Group profit before tax and 70.95% of Group gross assets.

4B France Sarl, 4B Africa Elevator Components (Proprietary) Limited, 4B Braime (Changzhou) Industrial Control Equipment Co. Ltd. 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 France Sarl and 4B Africa Elevator Components (Proprietary) Limited, a review of specific working papers regarding certain key audit areas for 4B France Sarl, and analytical review procedures in relation to 4B Braime (Changzhou) Industrial Control Equipment Co. Ltd and 4B Asia Pacific Company Limited. These components comprised 21.67% of Group turnover, 9.93% of Group profit before tax and 23.02% of Group gross assets.

4B Australia PTY Limited is not required by local legislation to have an audit performed. We carried out our own detailed audit procedures on this component sufficient to conclude that there were no significant risks of material misstatement in the Group financial statements. This component comprised 4.22% of Group turnover, 10.59% of Group profit before tax and 6.03% of Group gross assets.

We engaged a firm of CPAs in USA to attend a year-end inventory count of 4B Elevator Components Limited complimented by own virtual attendance at one of the Company's monthly perpetual stock checks, and a firm of Chartered Accountants in Australia to attend a year-end inventory count of 4B Australia PTY Limited.

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.

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

Risk description

This risk concerns the carrying value of inventories of £12,587,000 (2022 – £13,289,000) as shown in note 11.

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 presswork 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 presswork manufacturing segment of the Group into which such costs would have been absorbed amounted to £626,000 (2022 – £785,000).

As described in note 1.20 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 2023 includes an inventory impairment provision charge of £195,000 (2022 – £76,000 credit) as disclosed in note 11.

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.

Our response

We performed the following audit procedures:

- on a sample basis agreed the cost of raw materials (presswork manufacturing segment) and bought in components (4B 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.
- for manufactured work in progress and finished goods 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.
- reviewed the overheads absorbed in the process of manufacturing 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.
- 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.
- observed the condition of inventories when we and the firms we instructed to assist us attended stock counts.
- 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.
- 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.
- challenged the assumptions adopted by management in arriving at the Group's inventory provisioning policy by reviewing the sales activity of impaired and previously impaired lines of inventory.

Key observations

Key observations: 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.

Independent auditors' report (continued)

to the members of Braime Group PLC

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 £482,000 (2022 – £449,000).

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 appropriately reflect both the size of the Group and key driver behind its financial performance.
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 £117,000 to £232,000. 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 £18,100 (2022 – £16,800) as well as 'clearly trivial' misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 2025;
- Understanding and evaluating the key assumptions to the forecast being forecasts of sales, gross profit margin, administrative costs, level of capital expenditure, inventory, trade debtor 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 and gross profit margins 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.

Other information

The other information comprises the information included in the annual report 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 the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 their 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 the part of the directors' remuneration report to be audited 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 20, 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 Group or parent 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 risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditors' report (continued)

to the members of Braime Group PLC

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

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 Group 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, GDPR 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.

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 any 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 un-detected or un-reported 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.

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. 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.

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.

Andrew Thomas 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

22nd April 2024

Consolidated income statement

For the year ended 31st December 2023

	Note	2023 £'000	2022 £'000
Revenue	4	48,155	44,879
Changes in inventories of finished goods and work in progress		(426)	2,925
Raw materials and consumables used		(25,188)	(26,456)
Employee benefits costs	7	(11,009)	(10,260)
Depreciation and amortisation expense		(1,678)	(1,535)
Other expenses		(6,270)	(5,391)
Other operating income	2	164	287
Profit from operations before exceptional item	2	3,748	4,449
Exceptional item	3	–	(350)
Profit from operations		3,748	4,099
Finance expense	5	(485)	(282)
Finance income	5	72	5
Profit before tax		3,335	3,822
Tax expense	6	(999)	(1,101)
Profit for the year		2,336	2,721
Profit attributable to:			
Owners of the parent		2,274	2,768
Non-controlling interests		62	(47)
		2,336	2,721
Basic and diluted earnings per share	20	162.22p	188.96p

The notes on pages 33 to 59 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31st December 2023

	Note	2023 £'000	2022 £'000
Profit for the year		2,336	2,721
Items that will not be reclassified subsequently to profit or loss			
Net pension remeasurement gain on post employment benefits	21.3	19	128
Items that may be reclassified subsequently to profit or loss			
Foreign exchange (loss)/gain on re-translation of overseas operations		(505)	815
Other comprehensive (loss)/income for the year		(486)	943
Total comprehensive income for the year		1,850	3,664
Total comprehensive income attributable to:			
Owners of the parent		1,775	3,727
Non-controlling interests		75	(63)
		1,850	3,664

Consolidated balance sheet

As at 31st December 2023

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	10,082	9,782
Intangible assets	9	489	636
Right of use assets	10	717	425
Total non-current assets		11,288	10,843
Current assets			
Inventories	11	12,587	13,289
Trade and other receivables	12	7,973	8,760
Cash and cash equivalents		2,310	1,458
Total current assets		22,870	23,507
Total assets		34,158	34,350
Liabilities			
Current liabilities			
Bank overdraft		138	672
Trade and other payables	13	6,991	8,635
Other financial liabilities	14	3,769	3,219
Corporation tax liability		52	195
Total current liabilities		10,950	12,721
Non-current liabilities			
Financial liabilities	15	2,325	2,343
Deferred income tax liability	16	44	92
Provision for liabilities	17	–	–
Total non-current liabilities		2,369	2,435
Total liabilities		13,319	15,156
Total net assets		20,839	19,194
Share capital	18	360	360
Capital reserve		257	257
Foreign exchange reserve		221	742
Retained earnings		20,182	18,091
Total equity attributable to the shareholders of the parent		21,020	19,450
Non-controlling interests		(181)	(256)
Total equity		20,839	19,194

The financial statements on pages 28 to 59 were approved and authorised for issue by the board of directors on 22nd April 2024 and were signed on its behalf by:

Nicholas Braime, Chairman

Cielo Cartwright, Chief Financial Officer

Company Registration Number 488001

The notes on pages 33 to 59 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31st December 2023

	Note	2023 £'000	2022 £'000
Operating activities			
Net profit		2,336	2,721
Adjustments for:			
Depreciation and amortisation	8, 9 & 10	1,678	1,535
Foreign exchange (losses)/gains		(424)	622
Finance income	5	(72)	(5)
Finance expense	5	485	282
Gain on sale of land and buildings, plant, machinery and motor vehicles		(80)	(188)
Adjustment in respect of defined benefit scheme		69	132
Income tax expense	6	999	1,101
Income taxes paid		(1,401)	(759)
		1,254	2,720
Operating profit before changes in working capital and provisions			
		3,590	5,441
Decrease/(increase) in trade and other receivables		998	(2,669)
Decrease/(increase) in inventories		702	(3,165)
(Decrease)/increase in trade and other payables		(2,053)	4,870
Decrease in provisions		–	(1,054)
		(353)	(2,018)
Cash generated from operations			
		3,237	3,423
Investing activities			
Purchases of property, plant, machinery and motor vehicles		(1,421)	(2,053)
Purchase of intangible assets		–	(725)
Sale of land and buildings, plant, machinery and motor vehicles		88	216
Interest received		22	1
		(1,311)	(2,561)
Financing activities			
Proceeds from long term borrowings		977	236
Repayment of borrowings		(372)	(392)
Repayment of hire purchase creditors		(172)	(158)
Repayment of lease liabilities		(283)	(268)
Bank interest paid		(404)	(210)
Lease interest paid		(64)	(60)
Hire purchase interest paid		(17)	(11)
Dividends paid		(205)	(187)
		(540)	(1,050)
Increase/(decrease) in cash and cash equivalents		1,386	(188)
Cash and cash equivalents, beginning of period		786	974
Cash and cash equivalents, end of period	22	2,172	786

The notes on pages 33 to 59 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31st December 2023

	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 2022		360	257	(89)	15,382	15,910	(193)	15,717
Comprehensive income								
Profit		–	–	–	2,768	2,768	(47)	2,721
Other comprehensive income								
Net pension remeasurement gain recognised directly in equity	21.3	–	–	–	128	128	–	128
Foreign exchange gains on re-translation of overseas subsidiaries consolidated operations		–	–	831	–	831	(16)	815
Total other comprehensive income		–	–	831	128	959	(16)	943
Total comprehensive income		–	–	831	2,896	3,727	(63)	3,664
Transactions with owners								
Dividends	20	–	–	–	(187)	(187)	–	(187)
Total transactions with owners		–	–	–	(187)	(187)	–	(187)
Balance at 1st January 2023		360	257	742	18,091	19,450	(256)	19,194
Comprehensive income								
Profit		–	–	–	2,274	2,274	62	2,336
Other comprehensive income								
Net pension remeasurement gain recognised directly in equity	21.3	–	–	–	19	19	–	19
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations		–	–	(521)	3	(518)	13	(505)
Total other comprehensive income		–	–	(521)	22	(499)	13	(486)
Total comprehensive income		–	–	(521)	2,296	1,775	75	1,850
Transactions with owners								
Dividends	20	–	–	–	(205)	(205)	–	(205)
Total transactions with owners		–	–	–	(205)	(205)	–	(205)
Balance at 31st December 2023		360	257	221	20,182	21,020	(181)	20,839

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 2023

1. ACCOUNTING POLICIES

1.1 General Company information

Braime Group PLC ('the Company') and its subsidiaries (together 'the Group') manufacture metal presswork and through its 4B brand, handle the supply of bulk material handling components through trading from locations in Australia, China, England, France, South Africa, Thailand, the United Arab Emirates 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 22nd April 2024.

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 UK (IFRSs as adopted by the UK), 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 60 to 67.

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.

Areas of judgement

Judgements are made by management in the application its accounting policies which can have a significant effect on the amounts recognised in the financial statements. During the year, management made judgements in the following area:

Capitalisation of property expenditure

The Group is headquartered in a listed building which requires a significant level of ongoing maintenance by the Company. Where expenditure is judged to result in an enhancement of the value of the property, the expenditure is capitalised in line with the Group's depreciation policies. Otherwise expenditure on the property is taken as repair costs which are charged in the year.

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:

Assumptions about the future and critical accounting estimates

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 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.

Notes to the accounts (continued)

For the year ended 31st December 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Critical accounting estimates and assumptions (continued)

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 21). 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 2023:

- IFRS 17 Insurance Contracts – Establishes new principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and qualifying investment contracts with discretionary participation features issued – effective accounting periods on or after 1st January 2023. The application of IFRS17 was considered and dismissed as having no material effect on these financial statements.
- Amendments to IFRS 17 – Initial Application of IFRS 17 & IFRS 9 – Comparative Information – Helps entities to avoid temporary accounting mismatches by allowing an option relating to comparative information about financial assets presented on initial application of IFRS 17 – effective accounting period beginning on or after 1st January 2023.
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – Changes requirements from disclosing 'significant' to 'material' accounting policies and provides explanations and guidance on how to identify material accounting policies – effective accounting period beginning on or after 1st January 2023.
- Amendments to IAS 8 – Definition of Accounting Estimates – Clarifies how to distinguish changes in accounting policies from changes in accounting estimates – effective accounting periods beginning on or after 1st July 2023.
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Introduces an exception to clarify that the 'initial recognition exemption' does not apply to transactions that give rise to equal taxable and deductible timing differences – effective accounting periods beginning on or after 1st January 2023.
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules – Introduces a temporary exception in relation to the OECD Pillar Two income taxes. Specifically, an entity does not recognize deferred tax assets and liabilities related to the OECD Pillar Two income taxes and is exempt from providing 'normal' IAS 12 disclosures in relation to them – effective immediately (subject to any local endorsement requirements).

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January 2023 and not early adopted.

- 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 accounting periods beginning on or after 1st January 2024.
- Amendments to IAS 1 – Non-current Liabilities with Covenants – Clarifies that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current – effective accounting periods beginning on or after 1st January 2024.
- Amendments to IFRS 16 – Lease Liability in a Sales and Leaseback – Specifies requirements relating to measuring the lease liability in a sale and leaseback transaction after the date of the transaction – effective accounting periods beginning on or after 1st January 2024.
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements – Requires an entity to provide additional disclosures about its supplier finance arrangements – effective accounting periods beginning on or after 1st January 2024.

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. 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. Revenue streams for both of the Group's income segments are recognised when the Group's performance obligations are fulfilled, that is when control over goods has transferred to the customer. Customers obtain control of the goods when they are delivered to and have been accepted at their premises or made available for ex-works collections, depending on individual customer arrangements. 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. 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 4).

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.

Notes to the accounts (continued)

For the year ended 31st December 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Financial assets

The Group considers that its financial assets comprise loans and receivables only. These assets are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. They arise principally through the provision of goods and services to customers (trade 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 and finance leasing liabilities and any 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.

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

1.10 Cash and cash equivalents

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

1.11 Borrowing costs

All borrowing costs are expensed as incurred.

1.12 Pension obligations and short term employee benefits

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

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

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

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

Remeasurement gains and losses are recognised immediately and in full in 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

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.

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.

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.

Notes to the accounts (continued)

For the year ended 31st December 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Right of use assets and lease liabilities (continued)

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.

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 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recognised if, and only if:

- a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
- b) the cost of the asset can be measured reliably.

The cost of an acquired intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. After initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values, and amortisation methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

- Patents and trademarks 2 – 20 years
- Software and intellectual property 3 – 5 years
- Development expenditures 2 – 5 years
- Customer relationships and distribution rights 5 – 29 years

1.20 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.

1.21 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.

1.22 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.

Notes to the accounts (continued)

For the year ended 31st December 2023

1. ACCOUNTING POLICIES (CONTINUED)

1.22 Other provisions, contingent liabilities and contingent assets (continued)

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	2023 £'000	2022 £'000
Profit from operations before exceptional item has been arrived at after charging/(crediting):			
Depreciation and amortisation	8, 9 & 10	1,678	1,535
Foreign exchange differences – losses/(gains)		318	(192)
Research and development costs		171	90
Write-down of/(credit to) inventory to net realisable value	11	195	(76)
Inventory recognised as an expense		25,417	23,607
(Write back of)/impairment of trade receivables:	12	(25)	92
Fees payable to the Company's auditor:			
• for the audit of the Company's annual accounts		27	19
• the audit of the Company's subsidiaries, pursuant to legislation		71	61
Fees payable to overseas auditors		21	20
Profit on disposal of fixed assets		(80)	(188)
Other operating income		(84)	(99)

3. EXCEPTIONAL ITEM

	Note	2023 £'000	2022 £'000
Exceptional cost – Chain cell repairs		–	350

Exceptional cost in 2022 related to repair of the chain cell wall of the Group's property in Leeds. This is discussed further in Note 17 Provision for Liabilities.

4. 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 2023.

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 4B division, supplier of bulk material handling components.

	Central 2023 £'000	Presswork Manufacturing 2023 £'000	4B 2023 £'000	Total 2023 £'000
Revenue				
External	–	5,710	42,445	48,155
Inter Company	2,567	4,747	7,819	15,133
Total	2,567	10,457	50,264	63,288
Profit				
EBITDA	490	692	4,244	5,426
Finance costs	(255)	(94)	(136)	(485)
Finance income	–	50	22	72
Depreciation and amortisation	(720)	(35)	(923)	(1,678)
Tax expense	(46)	–	(953)	(999)
(Loss)/profit for the period	(531)	613	2,254	2,336
Assets				
Total assets	7,739	10,664	15,755	34,158
Additions to non current assets	1,319	40	879	2,238
Liabilities				
Total liabilities	2,337	3,000	7,982	13,319
	Central 2022 £'000	Presswork Manufacturing 2022 £'000	4B 2022 £'000	Total 2022 £'000
Revenue				
External	–	6,688	38,191	44,879
Inter Company	1,880	5,149	8,087	15,116
Total	1,880	11,837	46,278	59,995
Profit				
EBITDA	(183)	1,118	4,699	5,634
Finance costs	(114)	(63)	(105)	(282)
Finance income	–	4	1	5
Depreciation and amortisation	(612)	(35)	(888)	(1,535)
Tax expense	(198)	–	(903)	(1,101)
(Loss)/profit for the period	(1,107)	1,024	2,804	2,721
Assets				
Total assets	7,225	9,206	17,919	34,350
Additions to non current assets	1,886	8	922	2,816
Liabilities				
Total liabilities	1,918	3,771	9,467	15,156

Notes to the accounts (continued)

For the year ended 31st December 2023

4. SEGMENTAL INFORMATION (CONTINUED)

Geographical analysis

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

	Revenue 2023 £'000	Non-current assets 2023 £'000	Revenue 2022 £'000	Non-current assets 2022 £'000
UK	9,338	6,910	9,877	6,455
Rest of Europe and the Middle East	8,704	2,174	9,314	2,295
Americas	23,075	1,643	18,924	1,725
Africa	1,897	112	1,623	186
Australia and Asia	5,141	449	5,141	182
	48,155	11,288	44,879	10,843

There was one Group customer of the presswork manufacturing segment which accounted for 10.5% of the Group's revenues.

5. FINANCE INCOME AND EXPENSE

	2023 £'000	2022 £'000
Finance expense		
Bank borrowings	404	211
Lease interest	64	60
Hire purchase interest	17	11
	485	282
Finance income		
Other interest received	72	5
	72	5

6. TAX EXPENSE

	2023 £'000	2022 £'000
Current tax expense		
UK corporation tax		
UK tax expense on profits for the year	658	429
Double tax relief	(658)	(429)
	–	–
Foreign corporation tax		
Foreign tax expense on profits for the year	1,069	1,055
Prior year adjustment	(22)	(22)
	1,047	1,033
Current tax charge	1,047	1,033
Deferred tax		
Origination and reversal of timing differences	(60)	26
Adjustments in respect of prior periods	25	10
Adjustments in respect of rate differences	(13)	32
Total tax charge	999	1,101

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:

	2023 £'000	2022 £'000
Profit before tax	3,335	3,822
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022 – 19%)	784	726
Expenses not deductible for tax purposes	10	7
Superdeduction	–	(37)
Tax credits on research and development	–	(14)
Items charged to reserves regarding post employment benefits	4	24
Rate difference on foreign tax	259	435
Deferred tax not provided	(48)	(81)
Deferred tax – prior year	25	10
Amortisation of intangible asset	–	21
Prior year items	(22)	(22)
Rate differences relating to deferred tax	(13)	32
	999	1,101

Other than as shown in note 16, no deferred tax asset arising on tax losses or other short term timing differences has been recognised as their future realisation is relatively uncertain. The amounts not recognised are estimated at £25,000 and £19,000 respectively (2022 – £45,000 and £21,000 respectively) calculated at a rate of 25% (2022 – 25%).

Notes to the accounts (continued)

For the year ended 31st December 2023

7. EMPLOYEES

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

	2023 No.	2022 No.
Office and management	59	50
Sales and distribution	59	62
Manufacturing	83	74
	201	186

Staff costs (including directors) comprise:

	Note	2023 £'000	2022 £'000
Wages and salaries		9,867	8,733
Employee retention grant		(337)	–
Defined contribution pension cost		285	358
Defined benefit pension cost	21.3	121	177
Other long-term employee benefits		71	96
Employer's national insurance contributions and similar taxes		1,002	896
		11,009	10,260

The Employee retention grant relates to US government assistance with regards to the Covid pandemic.

	2023 £'000	2022 £'000
Directors' remuneration:		
Emoluments of qualifying services	795	695
Company pension contributions to money purchase schemes	62	48
	857	743

The number of directors for whom retirement benefits accrued under money purchase pension schemes amounted to 3 (2022 – 3) and under defined benefit pension schemes amounted to nil (2022 – nil). Further details of directors' remuneration are included in the remuneration report.

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
At 31st December 2023			
Cost	8,172	14,511	22,683
Accumulated depreciation	(438)	(12,163)	(12,601)
Net book value	7,734	2,348	10,082
At 31st December 2022			
Cost	7,444	14,107	21,551
Accumulated depreciation	(274)	(11,495)	(11,769)
Net book value	7,170	2,612	9,782
Year ended 31st December 2023			
Opening net book value	7,170	2,612	9,782
Additions	775	860	1,635
Disposals	–	(7)	(7)
Depreciation	(167)	(1,078)	(1,245)
Exchange differences	(44)	(39)	(83)
Closing net book value	7,734	2,348	10,082
Year ended 31st December 2022			
Opening net book value	5,795	2,918	8,713
Additions	1,401	652	2,053
Disposals	(28)	–	(28)
Depreciation	(101)	(1,048)	(1,149)
Exchange differences	103	90	193
Closing net book value	7,170	2,612	9,782

The net book value of tangible fixed assets includes an amount of £278,000 (2022 – £253,000) in respect of assets held under hire purchase contracts. The related depreciation charge on these assets for the year was £195,000 (2022 – £151,000). There were £235,000 of additions during the year (2022 – £nil) of assets held under hire purchase contracts.

Assets in the course of construction which have not been depreciated total £421,000 (2022 – £1,296,000).

The total cost of non-depreciable assets included in freehold land and buildings was £3,158,000 (2022 – £3,164,000).

Notes to the accounts (continued)

For the year ended 31st December 2023

9. INTANGIBLE ASSETS

	Goodwill and software £'000	Distribution rights £'000	Total £'000
At 31st December 2023			
Cost	151	725	876
Accumulated amortisation	(133)	(254)	(387)
Net book value	18	471	489
At 31st December 2022			
Cost	155	725	880
Accumulated amortisation	(135)	(109)	(244)
Net book value	20	616	636
Year ended 31st December 2023			
Opening net book value	20	616	636
Additions	–	–	–
Amortisation	(1)	(145)	(146)
Exchange differences	(1)	–	(1)
Closing net book value	18	471	489
Year ended 31st December 2022			
Opening net book value	25	–	25
Additions	–	725	725
Amortisation	(6)	(109)	(115)
Exchange differences	1	–	1
Closing net book value	20	616	636

10. RIGHT OF USE ASSETS

	Buildings £'000	IT Equipment £'000	Vehicles £'000	Total £'000
At 31st December 2023				
Cost	550	67	515	1,132
Accumulated depreciation	(149)	(41)	(225)	(415)
Net book value	401	26	290	717
At 31st December 2022				
Cost	437	174	447	1,058
Accumulated depreciation	(294)	(107)	(232)	(633)
Net book value	143	67	215	425

	Buildings £'000	IT Equipment £'000	Vehicles £'000	Total £'000
Year ended 31st December 2023				
Opening net book value	143	67	215	425
Additions	414	–	189	603
Depreciation	(138)	(38)	(111)	(287)
Exchange differences	(18)	(3)	(3)	(24)
Closing net book value	401	26	290	717
Year ended 31st December 2022				
Opening net book value	247	81	304	632
Additions	–	33	5	38
Depreciation	(116)	(53)	(102)	(271)
Exchange differences	12	6	8	26
Closing net book value	143	67	215	425

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 and a lease liability (see note 15b).

11. INVENTORIES

	2023 £'000	2022 £'000
Raw materials	696	883
Work in progress	211	293
Finished goods	11,078	11,421
Goods in transit	602	692
	12,587	13,289

During the twelve months ended 31st December 2023 the Group increased charges against finished goods inventories of £195,000 (2022 – reduction of £76,000) following reassessment of the saleability of certain stock items (note 2).

Notes to the accounts (continued)

For the year ended 31st December 2023

12. TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Trade receivables	6,923	7,819
Other receivables	528	620
Prepayments	522	321
	7,973	8,760

Included in other receivables is £211,000 (2022 – £nil) of corporation tax repayable, £212,000 (2022 – £513,000) in relation to a VAT claim. 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.

13. TRADE AND OTHER PAYABLES – CURRENT

	2023 £'000	2022 £'000
Trade payables	4,850	5,767
Other taxes and social security costs	298	359
Other payables	100	107
Accruals	1,743	2,402
	6,991	8,635

14. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	2023 £'000	2022 £'000
Bank loans – secured	15a	1,267	348
Lease liabilities	15b	275	200
Hire purchase creditors	15c	100	144
Other creditors		2,127	2,527
		3,769	3,219

An analysis of the interest rate payable on financial liabilities and information about fair values is given in note 19. 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.

15. FINANCIAL LIABILITIES – NON-CURRENT

	Note	2023 £'000	2022 £'000
Bank loans – secured	15a	1,618	1,932
Lease liabilities	15b	482	263
Hire purchase creditors	15c	164	78
Other creditors (non-current)		61	70
		2,325	2,343

15a. Obligations under bank loan agreements comprise amounts payable as follows:

	2023 £'000	2022 £'000
Within one year	1,267	348
One to two years	271	293
Two to five years	657	822
Over five years	690	817
	2,885	2,280

Terms and conditions of outstanding loans were as follows:

	Interest rate %	Year of maturity	2023 £'000	2022 £'000
GBP development loan	2.75% over Bank of England base rate	2024	978	–
GBP term loan	2.50% over Bank of England base rate	2027	678	824
US dollar bank loan	4.00% fixed	2023	–	44
US dollar term loan	3.74% fixed	2024	29	82
EUR term loan	1.31% fixed	2034	1,200	1,330

The GBP development loan relates to the chain cell project. This was converted to a five-year term loan in February 2024 on an interest rate term of 2.5%. The GBP term loan relates to the construction of the Hunslet Road warehouse and is secured by a fixed and floating charge over certain assets of certain Group companies. The US dollar term loans form part of the Group funding arrangements. The 4.00% and 3.74% fixed US dollar bank loans are secured on specific plant and equipment held by 4B Elevator Components Limited. The EUR term loan relates to the French warehouse and is secured against the property.

15b. 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	341	(66)	275
One to two years	300	(36)	264
Two to five years	234	(16)	218
	875	(118)	757

At 31st December 2022 the minimum lease payment commitments in respect of RoU assets were as follows:-

	£'000	£'000	£'000
Less than one year	236	(36)	200
One to two years	122	(23)	99
Two to five years	172	(20)	152
Over five years	12	–	12
	542	(79)	463

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 (continued)

For the year ended 31st December 2023

15. FINANCIAL LIABILITIES – NON-CURRENT (CONTINUED)

At 31st December 2023, the Group had 35 leased RoU assets by category as follows: Buildings: 5, IT equipment: 6, and Vehicles: 24. The average remaining lease commitments were: Buildings: 2.6 years, IT equipment: 2.2 years, and Vehicles: 1.9 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 2023 was £347,000 (2022 – £327,000).

At 31st December 2023 the Group had not committed to any new leases that had yet to commence.

15c. Hire purchase creditors:

Hire purchase future payments, interest charges and liabilities as at 31st December 2023 were as follows:

	Future Payments £'000	Interest Charges £'000	HP Creditor £'000
Within one year	113	(13)	100
One to two years	80	(10)	70
Two to five years	100	(6)	94
	293	(29)	264

Hire purchase payments, interest charges and liabilities as at 31st December 2022 were as follows:

	Future Payments £'000	Interest Charges £'000	HP Creditor £'000
Within one year	151	(7)	144
One to two years	62	(3)	59
Two to five years	20	(1)	19
	233	(11)	222

16. DEFERRED INCOME TAX LIABILITY

	2023 £'000	2022 £'000
Accelerated capital allowances in excess of depreciation	186	195
Losses	(209)	(171)
Rolled over capital gains	67	68
	44	92

The decrease in deferred tax liability relates primarily to the increase in taxable losses.

	2023 £'000	2022 £'000
Balance at start of year	92	24
(Credit)/charge to income statement during the year	(48)	68
Balance at end of year	44	92

Deferred tax has been recognised at a blended rate of 29% (2022 – 29%) on accelerated capital allowances in 4B Elevator Components Limited and 25% (2022 – 25%) in respect of the Company, 4B Braime Components Limited and Braime Pressings Limited.

17. PROVISION FOR LIABILITIES

	2023 £'000	2022 £'000
Balance at start of year	–	1,054
Charged to income statement during the year	–	350
Utilised in year	–	(923)
Transferred to accruals	–	(481)
Provision for liabilities at end of year	–	–

As reported previously, serious structural faults were discovered in 2021 on the supporting walls of the chain cell area of our Grade II listed property in Leeds. This necessitated the emergency demolition of the external walls, dismantling of the roof over the chain cell operations and the temporary relocation of our chain cell operations. A provision for liabilities was raised in the accounts because at the time of publication of the 2021 annual report there remained uncertainty over the cost of restoration and the type of materials to be used awaited the decision of local authority conservation officers. These costs were provided for to the best of the directors' estimate at the time and the repair costs treated as exceptional in 2021 and 2022. The project was completed in July 2023.

18. SHARE CAPITAL

	2023 £'000	2022 £'000
Authorised:		
480,000 Ordinary shares of 25p each	120	120
1,200,000 'A' Ordinary shares of 25p each	300	300
	420	420
Allotted, called up and fully paid:		
480,000 Ordinary shares of 25p each	120	120
960,000 'A' Ordinary shares of 25p each	240	240
	360	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.

19. 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 14 and 15 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. The Group's currency exposure at the year end was £3,240,000 (2022 - £3,194,000), 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.

Notes to the accounts (continued)

For the year ended 31st December 2023

19. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to one fair value measurement. The only instruments entered into by the Group are included in level 2 and consist of fixed interest terms loans.

Forward contracts

There were no forward currency contracts outstanding at 31st December 2023 (31st December 2022 – £nil).

Fixed interest term loans

Fixed interest term loans as at 31st December 2023 were US dollar term bank loans of £29,000 (2022 – £126,000) and euro bank term loans of £1,200,000 (2022 – £1,330,000) (see note 15a).

Maturity analysis

Other than is disclosed in note 15 regarding bank loans and lease liabilities all financial instruments fall due within one year.

In addition to the maturity analysis disclosed in note 15, the interest due on bank loans repayable within one year totals £65,000 (2022 – £66,000), the interest due on bank loans repayable after one year but not more than five years totals £102,000 (2022 – £141,000), and the interest due on bank loans repayable after more than five years totals £30,000 (2022 – £50,000).

Interest due (finance charges) on RoU lease liabilities are shown in note 15b and interest due on hire purchase creditors are shown in note 15c.

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 2023			
Sterling	(1,489)	–	(1,489)
Euro	534	–	534
US dollar	1,939	–	1,939
Other	1,189	137	1,326
	2,173	137	2,310

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 2022			
Sterling	(1,394)	–	(1,394)
Euro	696	–	696
US dollar	1,422	–	1,422
Other	734	–	734
	1,458	–	1,458

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

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities Total £'000
Currency			
As at 31st December 2023			
Sterling	(3,692)	(360)	(4,052)
Euro	(229)	(1,396)	(1,625)
US dollar	–	(35)	(35)
Other	–	(459)	(459)
	(3,921)	(2,250)	(6,171)
	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities Total £'000
Currency			
As at 31st December 2022			
Sterling	(3,747)	(312)	(4,059)
Euro	(276)	(1,477)	(1,753)
US dollar	–	(145)	(145)
Other	–	(207)	(207)
	(4,023)	(2,141)	(6,164)

Interest rate and currency of financial assets and liabilities

Floating rate financial liabilities comprise bank borrowings and lease assets.

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 2023					
Sterling	–	1,076	(1,304)	3,174	2,946
Euro	–	–	–	–	–
US dollar	(877)	(136)	–	–	(1,013)
Other	(509)	–	(67)	–	(576)
	(1,386)	940	(1,371)	3,174	1,357

Notes to the accounts (continued)

For the year ended 31st December 2023

19. FINANCIAL INSTRUMENTS (CONTINUED)

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

	Sterling £'000	Euro £'000	US dollar £'000	Other currencies £'000	Total £'000
Functional currency As at 31st December 2022					
Sterling	–	969	20	2,906	3,895
Euro	–	–	–	–	–
US dollar	(829)	(160)	–	–	(989)
Other	(619)	–	(111)	–	(730)
	(1,448)	809	(91)	2,906	2,176

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 £18,000 (2022 – £27,000).

Currency rate sensitivity

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £360,000 (2022 – £355,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £295,000 (2022 – £290,000).

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:

	2023 £'000	2022 £'000
Expiring in one year or less	3,390	2,830

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 Chief Financial Officer. Where the amount of the facility is above a certain level agreement of the board is needed.

All surplus cash is managed 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 12. 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.

20. 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 (2022 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid

	2023 £'000	2022 £'000
Equity shares		
Ordinary shares		
Interim of 9.00p (2022 – 8.20p) per share paid on 26th May 2023	43	39
Interim of 5.25p (2022 – 4.75p) per share paid on 13th October 2023	25	23
	68	62
'A' Ordinary shares		
Interim of 9.00p (2022 – 8.20p) per share paid on 26th May 2023	87	79
Interim of 5.25p (2022 – 4.75p) per share paid on 13th October 2023	50	46
	137	125
Total dividends paid	205	187

An interim dividend of 9.50p per Ordinary and 'A' Ordinary share will be paid on 24th May 2024.

Notes to the accounts (continued)

For the year ended 31st December 2023

21. PENSION COSTS

21.1 Scheme summary

The Group operates a number of defined contribution schemes, the cost of which are disclosed in note 7. 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 2022. The market value of Scheme assets at 6th April 2022 was £8,655,000. The funding level at 6th April 2022 was 110% 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 2025. 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.

Based on the existing valuation, the Group expects to pay contributions of around £57,000 during the year to 31st December 2024. The weighted average duration of the defined benefit obligation is approximately 12 years.

21.2 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.

21.3 Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation		Fair value of scheme assets		Net defined scheme liability	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Balance at 1st January	6,081	9,618	(6,081)	(9,618)	–	–
Service cost – current	36	68	–	–	36	68
Administration costs	–	–	85	108	85	108
Interest cost/(income)	292	171	(342)	(175)	(50)	(4)
Included in comprehensive income – profit or loss	328	239	(257)	(67)	71	172
Effect of asset ceiling	–	–	101	754	101	754
Remeasurement loss/(gain)						
a) Actuarial loss/(gain) from:						
– Financial assumptions	222	(3,128)	–	–	222	(3,128)
– Demographic assumption	–	13	–	–	–	13
– Adjustments (experience)	43	(413)	–	–	43	(413)
b) Return on plan asset (excluding interest)	–	–	(385)	2,646	(385)	2,646
Included in other comprehensive income	265	(3,528)	(385)	2,646	(120)	(882)
Employers contributions	–	–	(52)	(44)	(52)	(44)
Employees contributions	8	8	(8)	(8)	–	–
Benefits paid	(261)	(256)	261	256	–	–
Other movements	(253)	(248)	201	204	(52)	(44)
Balance at 31st December	6,421	6,081	(6,421)	(6,081)	–	–
Net remeasurement gain taken to other comprehensive income	(265)	3,528	284	(3,400)	19	128

The asset ceiling arises as based on the assumptions adopted there is a net pension scheme asset of £1,137,000 at 31st December 2023 but as Braime Pressings Limited does not have an unconditional right to any surplus of the scheme, the surplus of £1,137,000 has not been recognised in the Group balance sheet and therefore assets have been reduced by £1,137,000 to £6,421,000 so as to equal scheme liabilities at that date.

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 £101,000 (2022 – £754,000) but the interest effect of asset ceiling are recognised in the profit for the year.

The actual return on assets during the year was a gain of £727,000 (2022 – loss of (£2,471,000)).

21.4 Analysis of fair value of plan assets between asset categories

	2023 % of total assets	2022 % of total assets	2023 £'000	2022 £'000
Annuity policies in payment	55.4%	58.0%	4,187	4,128
Equities – quoted – overseas	23.3%	21.1%	1,761	1,502
Equities – quoted – UK	3.6%	3.5%	272	249
Cash	0.6%	0.9%	45	64
With profit deferred annuities	17.1%	16.5%	1,293	1,174
Asset ceiling	–	–	(1,137)	(1,036)
Total	100.0%	100.0%	6,421	6,081

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

Notes to the accounts (continued)

For the year ended 31st December 2023

21. PENSION COSTS (CONTINUED)

21.5 Reconciliation of effect of asset ceiling

	2023 £'000	2022 £'000
Effect of asset ceiling at start	1,036	282
Interest on effect of asset ceiling	51	5
Actuarial losses	50	749
Effect of asset ceiling at end	1,137	1,036

21.6 Key assumptions and sensitivities

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

	2023	2022
Discount rate	4.55%	4.90%
Inflation (RPI)	3.35%	3.45%
Salary increases	3.35%	3.45%
Pension increase (LP15)	3.20%	3.30%
Post retirement mortality	115% of the S3NA tables with CMI 2021 projections using a long-term improvement rate of 1% pa and 2020 and 2021 weight parameters of 0%	115% of the S3NA tables with CMI 2021 projections using a long-term improvement rate of 1% pa and 2020 and 2021 weight parameters of 0%
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.

	Approximate effect on liability £'000
Adjustments to assumptions	
Discount rate	
Plus 0.50%	77
Minus 0.50%	(86)
Inflation	
Plus 0.50%	(130)
Minus 0.50%	120
Salary increase	
Plus 0.50%	(13)
Minus 0.50%	12
Life expectancy	
Plus 1.0 years	(5)
Minus 1.0 years	7
% With-profit deferred annuities converted on retirement using guaranteed annuity rates	
Plus 10.00% (i.e. 80%)	109
Minus 10.00% (i.e. 60%)	(109)

22. NOTES SUPPORTING CONSOLIDATED CASH FLOW STATEMENT

	2023 £'000	2022 £'000
Cash and cash equivalents		
Cash at bank and in hand	2,310	1,458
Bank overdraft	(138)	(672)
	2,172	786

Major non-cash transaction

During the year the Group acquired tangible assets of £235,000 (2022 – £nil) subject to finance under hire purchase agreements (2022 – £nil). The value of the hire purchase finance on these assets were £214,000 (2022 – £nil).

23. CAPITAL COMMITMENTS

There were capital commitments of £226,000 (2022 – £594,000) which are contracted but not provided for in these financial statements.

24. SUBSIDIARIES

Subsidiary	Principal activity	Proportion of shares held 2023 and 2022	
		Ordinary Shares	Preference Shares
i 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%	–
ii Registered as above and operating from 625 Erie Avenue, Morton, Illinois 61550, USA: 4B Elevator Components Limited	Distribution of bulk material handling components	100%	–
iii Incorporated in and operating from 35 Bis Rue du 8 Mai 1945, 80800 Villers-Bretonneux, France: 4B–France sarl	Distribution of bulk material handling components	100%	–
iv 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%	–
v 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%	–
vi 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%	–
vii 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. 4B Braime Components Limited opened a branch in Sharjah, UAE in July 2023. This trades as 4B Middle East.

25. RELATED PARTY TRANSACTIONS

The total remuneration for key management personnel for the year including directors totalled £2,024,000 (2022 – £1,567,000). There were no other related party transactions during the year.

Company balance sheet

For the year ended 31st December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	3	–	–
Tangible fixed assets	4	8,988	8,412
Investments	5	1,978	1,978
		10,966	10,390
Current assets			
Debtors: due within one year	8	3,625	2,010
		3,625	2,010
Creditors: amounts falling due within one year			
Amounts owed to Group undertakings		9,316	6,506
Other creditors falling due within one year	9	1,943	1,730
		11,259	8,236
Net current liabilities		(7,634)	(6,226)
Total assets less current liabilities		3,332	4,164
Creditors: amounts falling due after more than one year			
Provisions for liabilities	10 11	640 258	726 252
		2,434	3,186
Capital and reserves			
Called up share capital	12	360	360
Revaluation reserve		85	85
Capital redemption reserve		180	180
Retained earnings		1,809	2,561
Shareholders' funds		2,434	3,186
Company's loss for the financial year		(547)	(141)

These financial statements were approved and authorised for issue by the board of directors on 22nd April 2024 and signed on its behalf by:

Nicholas Braime, Chairman

Cielo Cartwright, Chief Financial Officer

The notes on pages 61 to 67 form part of these financial statements.

Company statement of changes in equity

For the year ended 31st December 2023

	Called up Share Capital £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1st January 2022	360	85	180	2,889	3,514
Comprehensive income for the financial year – loss	–	–	–	(141)	(141)
Dividends paid	–	–	–	(187)	(187)
Balance at 31st December 2022	360	85	180	2,561	3,186
Comprehensive income for the financial year – loss	–	–	–	(547)	(547)
Dividends paid	–	–	–	(205)	(205)
Balance at 31st December 2023	360	85	180	1,809	2,434

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.

Notes to the Company accounts

For the year ended 31st December 2023

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 7.

2. ACCOUNTING POLICIES

2.1 Accounting convention

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

The financial statements have been prepared under the historical cost convention, 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.

- Land and buildings 25 – 50 years on a straight line basis
- 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

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 (continued)

For the year ended 31st December 2023

2. ACCOUNTING POLICIES (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 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 Company 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 Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.13 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, depreciation is charged on all property additions since the last assessed revaluation.

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.

Notes to the Company accounts (continued)

For the year ended 31st December 2023

3. INTANGIBLE ASSETS

	Software £'000
Cost	
At 1st January 2023	52
Additions	–
At 31st December 2023	52
Amortisation	
At 1st January 2023	52
Provided for the year	–
At 31st December 2023	52
Net book value	
At 31st December 2023	–
At 31st December 2022	–

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 2023	6,670	5,932	242	2	12,846
Additions	774	477	37	–	1,288
Disposals	–	(49)	–	–	(49)
At 31st December 2023	7,444	6,360	279	2	14,085
Depreciation					
At 1st January 2023	43	4,194	195	2	4,434
Provided for the year	78	612	22	–	712
Disposals	–	(49)	–	–	(49)
At 31st December 2023	121	4,757	217	2	5,097
Net book value					
At 31st December 2023	7,323	1,603	62	–	8,988
At 31st December 2022	6,627	1,738	47	–	8,412

The net book value of tangible fixed assets includes an amount of £219,000 (2022 – £201,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation on these assets for the year was £170,000 (2022 – £138,000). Assets in the course of construction which have not been depreciated total £421,000 (2022 – £1,296,000).

The historical cost of the freehold land and buildings is £5,903,000 (2022 – £5,206,000).

5. INVESTMENTS

Subsidiary undertakings

	£'000
At 1st January 2023 and 31st December 2023	1,978

The list of subsidiaries is disclosed in note 24 of the consolidated financial statements.

6. EMPLOYEES

	2023 No.	2022 No.
Office and management	9	9
	2023 £'000	2022 £'000
Directors' remuneration		
Emoluments for qualifying service	655	590

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

	2023 £'000	2022 £'000
Other taxes	105	183
Prepayments	32	39
Amounts owed by Group undertakings	3,488	1,788
	3,625	2,010

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Bank overdraft	314	597
Bank loan – secured	1,139	152
Corporation tax	32	6
Trade creditors	88	33
Accruals	283	811
Hire purchase – secured	87	131
	1,943	1,730

Bank loans are GBP fixed term and development loans disclosed in note 15a of the Group financial statements. Cross guarantees exist in respect of certain Group company bank borrowings. At 31st December 2023 the borrowings guaranteed by the Company amounted to £nil (2022 – £nil).

Notes to the Company accounts (continued)

For the year ended 31st December 2023

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

	2023 £'000	2022 £'000
Bank Loan	517	672
Hire purchase creditor – secured	123	54
	640	726

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

10a. The bank loan comprise amounts payable as follows:

	2023 £'000	2022 £'000
Within one year	1,139	152
One to two years	171	162
Two to five years	346	510
	1,656	824

11. PROVISIONS FOR LIABILITIES

Deferred tax liability

	2023 £'000	2022 £'000
Accelerated capital allowances	250	207
Rolled over capital gains	68	68
Property fair value adjustment	149	149
Losses	(209)	(172)
	258	252
	2023 £'000	2022 £'000
Balance at start of year	252	118
Charged to income statement during the year	6	134
Balance at end of year	258	252

Deferred tax has been recognised at a rate of 25% (2022 – 25%).

12. LEASING AGREEMENTS

12a As Lessee:

The Company makes minimum lease payments under non-cancellable operating leases as follows:-

	2023 £'000	2022 £'000
Within one year	9	1
One to five years	20	–
	29	1

12b As Lessor:

The Company receives minimum lease payments under a non-cancellable operating lease rental with respect to its property as follows:-

	2023 £'000	2022 £'000
Within one year	160	167
One to five years	533	678
Later than five years	–	56
	693	901

All maintenance repairs to the premises as well as signage are carried out by the Tenant. At the Company's option, the Tenant may remain past the lease termination date on a month-to-month basis at 150% of the current annual base rent, or other agreed rate.

13. SHARE CAPITAL

	2023 £'000	2022 £'000
Authorised:		
480,000 Ordinary shares of 25p each	120	120
1,200,000 'A' Ordinary shares of 25p each	300	300
	420	420
Allotted, called up and fully paid:		
480,000 Ordinary shares of 25p each	120	120
960,000 'A' Ordinary shares of 25p each	240	240
	360	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.

14. CAPITAL COMMITMENTS

There were capital commitments of £183,000 (2022 – £594,000) which are contracted but not provided for in these financial statements.

Five year record

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Turnover	48,155	44,879	36,406	32,803	33,433
Profit from operations (before exceptional item)	3,748	4,449	2,489	1,377	2,221
Profit before tax	3,335	3,822	1,070	1,195	1,746
Profit after tax	2,336	2,721	750	854	1,349
Basic and diluted earnings per share	162.22p	188.96p	52.08p	59.31p	93.68p

Notice of meeting

Notice is hereby given that the SEVENTY FOURTH 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 27th June 2024 at 11.45am.

The Company will take into account any Government guidance or legislation in force at the time of the AGM and will implement any measures it believes necessary to protect the health and safety of attendees. Any changes to the format of the AGM will be communicated to shareholders through the Company's website and, where appropriate, by stock exchange announcement.

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 2023, and the report of the auditors thereon.
2. To confirm the dividends paid on 13th October 2023 and 24th May 2024 on the Ordinary and 'A' Ordinary shares.
3. To re-appoint as a director A. Q. Braime, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.
4. To re-appoint as a director C. O. Braime, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.
5. To re-appoint as a director C. M. B. Cartwright, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers herself for re-election.
6. 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.
7. To authorise the directors to set the remuneration of the auditors.

By order of the board,
Cielo Cartwright, Secretary
Hunslet Road, Leeds, LS10 1JZ
22nd April 2024

Notice of meeting (continued)

ACCOMPANYING NOTES

1. A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his/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 25th June 2024.
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 2023 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 25th June 2024. 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

The following notes give an explanation of the proposed resolutions. Resolutions 1 to 7 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 2023 to the meeting.

2. Confirmation of dividends

To confirm the interim dividend on the Ordinary and 'A' Ordinary shares of 5.25p per share paid on 13th October 2023 and 9.50p per share paid on 24th May 2024.

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. The following directors are retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers themselves for re-election.

3. A. Q. Braime

4. C. O. Braime

5. C. M. B. Cartwright

6. 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.

7. 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

Directors	Nicholas Braime, MA (Oxon), MBIM (Chairman) Mark Cooper Tony Steels, B.Eng. B.Sc. (Hons) Ph.D Philip Stockdale, BA (OU) Alan Braime, BA (Hons), FCA Carl Braime, BSc (Hons), MSc, MBA Cielo Cartwright, BSc (Hons), FCA
Secretary	Cielo Cartwright, BSc (Hons), FCA
Registered office	Hunslet Road, Leeds LS10 1JZ
Independent auditors	Kirk Newsholme Chartered Accountants and Statutory Auditors 4315 Park Approach, Thorpe Park, Leeds LS15 8GB
Bankers	HSBC Leeds City Branch 33 Park Row, Leeds LS1 1LD
Stockbrokers	W H Ireland 3rd Floor, Royal House, 28 Sovereign Street, Leeds LS1 4BJ
Company registration Number	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