BRAIME GROUP PLC

2022

Annual Report & Accounts 2022

Braime Group PLC

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

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

OVER 130 YEARS OF ENGINEERING EXCELLENCE

BETTER BY DESIGN

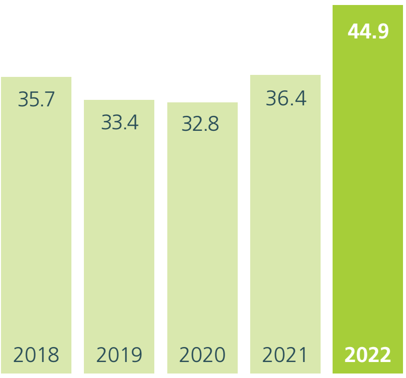
Front cover: Newly erected grain silos, Port of Tilbury, UK.
Above: Commissioning 4B Watchdog electronic monitoring system at customer facility, USA.

"I am delighted to be able to announce a new record annual result for the Group."

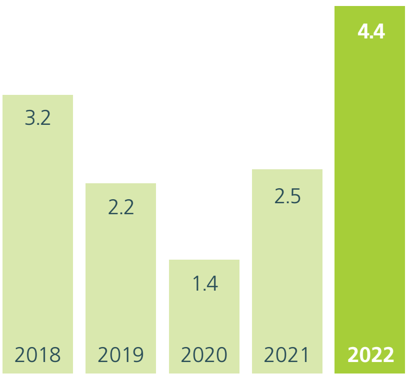
Nicholas Braime, Chairman
24th April 2023

Financial Highlights 2022

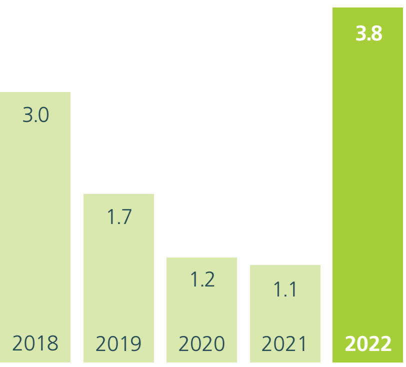
Turnover (£m)



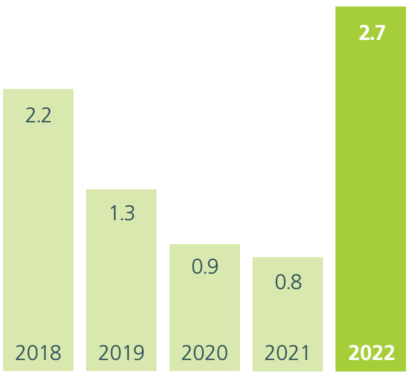
Profit from operations (£m) before exceptional item



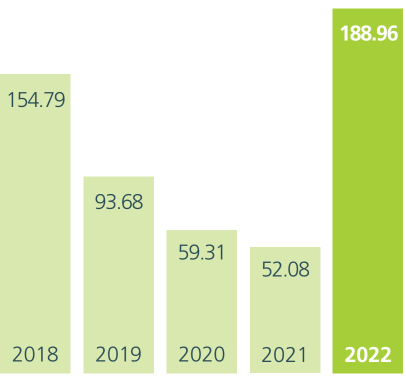
Profit before tax (£m)



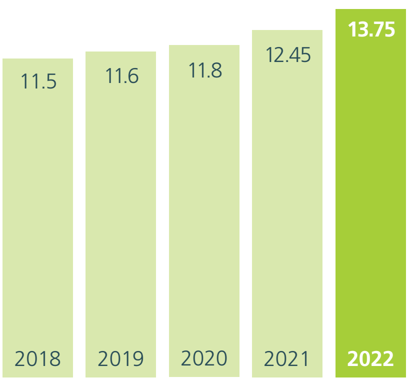
Profit after tax (£m)



Basic and diluted earnings per share (pence)



Dividend per share (pence)



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Consolidated income statement

For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	**44,879**	36,406
Changes in inventories of finished goods and work in progress		**2,925**	869
Raw materials and consumables used		**(26,456)**	(19,656)
Employee benefits costs	7	**(10,260)**	(8,930)
Depreciation and amortisation expense		**(1,535)**	(1,334)
Other expenses		**(5,391)**	(4,954)
Other operating income	2	**287**	88
Profit from operations before exceptional item	2	**4,449**	2,489
Exceptional item	3	**(350)**	(1,217)
Profit from operations		**4,099**	1,272
Finance expense	5	**(282)**	(205)
Finance income	5	**5**	3
Profit before tax		**3,822**	1,070
Tax expense	6	**(1,101)**	(320)
Profit for the year		**2,721**	750
Profit attributable to:			
Owners of the parent		**2,768**	665
Non-controlling interests		**(47)**	85
		2,721	750
Basic and diluted earnings per share	20	**188.96p**	52.08p

The notes on pages 33 to 60 form part of these financial statements

Consolidated statement of comprehensive income

For the year ended 31st December 2022

	Note	**2022 £'000**	2021 £'000
Profit for the year		**2,721**	750
Items that will not be reclassified subsequently to profit or loss			
Net pension remeasurement gain on post employment benefits	21.3	**128**	90
Items that may be reclassified subsequently to profit or loss			
Foreign exchange gain on re-translation of overseas operations		**815**	87
Other comprehensive income for the year		**943**	177
Total comprehensive income for the year		**3,664**	927
Total comprehensive income attributable to:			
Owners of the parent		**3,727**	817
Non-controlling interests		**(63)**	110
		3,664	927

Consolidated balance sheet

As at 31st December 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	**9,782**	8,713
Intangible assets	9	**636**	25
Right of use assets	10	**425**	632
Total non-current assets		**10,843**	9,370
Current assets			
Inventories	11	**13,289**	10,124
Trade and other receivables	12	**8,760**	6,211
Cash and cash equivalents		**1,458**	1,463
Total current assets		**23,507**	17,798
Total assets		**34,350**	27,168
Liabilities			
Current liabilities			
Bank overdraft		**672**	489
Trade and other payables	13	**8,635**	4,895
Other financial liabilities	14	**3,219**	2,902
Corporation tax liability		**195**	41
Total current liabilities		**12,721**	8,327
Non-current liabilities			
Financial liabilities	15	**2,343**	2,046
Deferred income tax liability	16	**92**	24
Provision for liabilities	17	**–**	1,054
Total non-current liabilities		**2,435**	3,124
Total liabilities		**15,156**	11,451
Total net assets		**19,194**	15,717
Share capital	18	**360**	360
Capital reserve		**257**	257
Foreign exchange reserve		**742**	(89)
Retained earnings		**18,091**	15,382
Total equity attributable to the shareholders of the parent		**19,450**	15,910
Non-controlling interests		**(256)**	(193)
Total equity		**19,194**	15,717

The financial statements on pages 28 to 60 were approved and authorised for issue by the board of directors on 24th April 2023 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 60 form part of these financial statements

Consolidated cash flow statement

For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Operating activities			
Net profit		**2,721**	750
Adjustments for:			
Depreciation and amortisation	8, 9 & 10	**1,535**	1,334
Foreign exchange gains		**622**	210
Finance income	5	**(5)**	(3)
Finance expense	5	**282**	205
Gain on sale of land and buildings, plant, machinery and motor vehicles		**(188)**	(38)
Adjustment in respect of defined benefit scheme		**132**	91
Income tax expense	6	**1,101**	320
Income taxes paid		**(759)**	(679)
		2,720	1,440
Operating profit before changes in working capital and provisions		**5,441**	2,190
Increase in trade and other receivables		**(2,669)**	(288)
Increase in inventories		**(3,165)**	(1,259)
Increase in trade and other payables		**4,870**	179
(Decrease)/increase in provisions		**(1,054)**	1,054
		(2,018)	(314)
Cash generated from operations		**3,423**	1,876
Investing activities			
Purchases of property, plant, machinery and motor vehicles		**(2,053)**	(2,074)
Purchase of intangible assets		**(725)**	–
Sale of land and buildings, plant, machinery and motor vehicles		**216**	73
Interest received		**1**	2
		(2,561)	(1,999)
Financing activities			
Proceeds from long term borrowings		**236**	1,145
Repayment of borrowings		**(392)**	(452)
Repayment of hire purchase creditors		**(158)**	(182)
Repayment of lease liabilities		**(268)**	(234)
Bank interest paid		**(210)**	(124)
Lease interest paid		**(60)**	(65)
Hire purchase interest paid		**(11)**	(16)
Dividends paid		**(187)**	(173)
		(1,050)	(101)
Decrease in cash and cash equivalents		**(188)**	(224)
Cash and cash equivalents, beginning of period		**974**	1,198
Cash and cash equivalents, end of period	22	**786**	974

The notes on pages 33 to 60 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31st December 2022

	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 2021		360	257	(151)	14,800	15,266	(303)	14,963
Comprehensive income								
Profit		–	–	–	665	665	85	750
Other comprehensive income								
Net pension remeasurement gain recognised directly in equity	21.3	–	–	–	90	90	–	90
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations		–	–	62	–	62	25	87
Total other comprehensive income		–	–	62	90	152	25	177
Total comprehensive income		–	–	62	755	817	110	927
Transactions with owners								
Dividends	20	–	–	–	(173)	(173)	–	(173)
Total transactions with owners		–	–	–	(173)	(173)	–	(173)
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 31st December 2022		**360**	**257**	**742**	**18,091**	**19,450**	**(256)**	**19,194**

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 2022

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 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 24th April 2023.

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 61 to 68.

1.3 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

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

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

Provisions
A provision is raised where management consider a liability exists as a result of past events but where its timing and amount are uncertain. When considering whether a provision should be raised, the directors assess the probability that an outflow of cash or other economic resource will be required to settle the provision and whether the liability can be measured reliably. Liabilities which cannot be measured reliably or where settlement is not probable are not provided for. The directors make external enquiries and seek evidence that a legal obligation to settle the liability exists, or that actions of entities within the Group have created an expectation that the Group will accept and discharge certain responsibilities and the Group has no alternative but to settle those obligations. They also consider the source of the information to determine if the evidence can provide a reliable measure of the liability.

Notes to the accounts (continued)

For the year ended 31st December 2022

1.3 Critical accounting estimates and assumptions (continued)

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 2022:

- Annual improvements to IFRS standards 2018-2020 cycle – Minor amendments to IFRS 1, IFRS 9 and IAS 41 – effective acccounting periods beginning on or after 1st January 2022.
- Amendments to IFRS 3 – Reference to the Conceptual Framework – Updates certain references to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations – effective accounting periods beginning on or after 1st January 2022.
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use – Requires amounts received from selling items produced while the Company is preparing the asset for its intended use to be recognised in profit or loss, and not as an adjustment to the cost of the asset – effective accounting periods beginning on or after 1st January 2022.
- Amendment to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract – Specifies which costs to include when assessing whether a contract will be loss-making – effective accounting period beginning on or after 1st January 2022.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January 2022 and not early adopted.

- 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.
- 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 – 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 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.

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1.5 Revenue recognition

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations with effect from 1st January 2018. Under IFRS 15, revenue recognition is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Where sale of goods occur, revenue is recognised at a point in time when goods are delivered to customers. For the Group, the transfer of control under IFRS 15 and satisfaction of performance obligations therefore remains consistent with the transfer of risks and rewards to the customer under IAS18. Revenue represents the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, and is stated exclusive of VAT, similar taxes and after eliminating sales within the Group. Payment is typically due within 60 days. Interest receivable on bank deposits and other items such as rentals, insurance proceeds, and receipts to fund capital assets are not classed as revenue but included within finance income and other operating income respectively. The breakdown of revenue from ordinary activities used within the Group to assess the performance is presented, by operating segment, in the segment analysis (see note 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 2022

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 forward currency contracts. They are included in balance sheet line items 'bank overdraft', 'trade and other payables', 'long-term financial liabilities' and 'other financial liabilities'.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'finance cost' in the income statement.

Bank loans are raised for support of long term funding of the Group's operations. They are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Forward currency contracts are held at fair value and are used to hedge exchange risk arising on foreign currency transactions denominated in a currency other than the transacting entities' functional currency. No adjustment is made for the fair value of forward currency contracts where such adjustment is clearly not material to the results presented in the financial statements.

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.

Notes to the accounts (continued)

For the year ended 31st December 2022

1.13 Right of use assets and lease liabilities (continued)

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

Where substantially all of the risks and rewards incidental to ownership of a lease asset have been transferred to the Group as is the case in a hire purchase contract, the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

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

1.14 Impairment of non-financial assets

The Group's non-current assets are subject to impairment testing.

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

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses are charged pro-rata to the assets in the cash-generating unit. All assets are subsequently re-assessed for indications that an impairment loss previously recognised may no longer exist.

1.15 Research and development

Costs associated with research activities are expensed in the consolidated income statement as they occur.

1.16 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities where material are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as components of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged or credited directly to equity are charged or credited directly to equity.

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.

Notes to the accounts (continued)

For the year ended 31st December 2022

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.

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	2022 £'000	2021 £'000
Profit from operations before exceptional item has been arrived at after charging/(crediting):			
Depreciation and amortisation	8, 9 & 10	**1,535**	1,334
Foreign exchange differences		**(192)**	468
Research and development costs		**90**	64
(Credit to)/write down of inventory to net realisable	11	**(76)**	(72)
Inventory recognised as an expense		**23,607**	18,859
Impairment of trade receivables	12	**92**	(66)
Fees payable to the Company's auditor:			
• for the audit of the Company's annual accounts		**19**	19
• the audit of the Company's subsidiaries, pursuant to legislation		**61**	61
• other services pursuant to legislation		**–**	–
Fees payable to overseas auditors		**20**	20
Profit on disposal of fixed assets		**(188)**	(38)
Other operating income		**(99)**	(50)

3. EXCEPTIONAL ITEM

	Note	2022 £'000	2021 £'000
Exceptional cost – Chain cell repairs		**350**	1,217

In the latter part of 2021, a series of structural faults were discovered along three of the supporting walls of the Group's UK chain cell operations and these had to be demolished and the chain cell relocated, incurring costs of £163,000. The demolition of the walls also impacted completion of the warehouse construction resulting in extension of time costs of £204,000. At the time of publication of the 2021 annual report, the directors estimated the repair costs to be £850,000; this was later revised upwards by £350,000 due to inflation of construction materials plus other time related costs such road closures. These costs exclude enhancement costs which are deemed capital in nature. For further details see 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 2022.

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.

Notes to the accounts (continued)

For the year ended 31st December 2022

4. SEGMENTAL INFORMATION (CONTINUED)

	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**

	Central 2021 £'000	Presswork Manufacturing 2021 £'000	4B 2021 £'000	Total 2021 £'000
Revenue				
External	–	5,166	31,240	36,406
Inter Company	2,038	4,287	6,704	13,029
Total	2,038	9,453	37,944	49,435
Profit				
EBITDA	(740)	807	2,539	2,606
Finance costs	(69)	(37)	(99)	(205)
Finance income	–	1	2	3
Depreciation and amortisation	(608)	(34)	(692)	(1,334)
Tax expense	144	30	(494)	(320)
(Loss)/profit for the period	(1,273)	767	1,256	750
Assets				
Total assets	5,839	6,402	14,927	27,168
Additions to non current assets	1,219	11	1,298	2,528
Liabilities				
Total liabilities	2,109	2,525	6,817	11,451

Geographical analysis

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

	Revenue 2022 £'000	**Non-current assets 2022 £'000**	Revenue 2021 £'000	Non-current assets 2021 £'000
UK	**9,877**	**6,455**	7,743	4,624
Rest of Europe	**9,314**	**2,295**	8,908	2,214
Americas	**18,924**	**1,725**	14,017	1,989
Africa	**1,623**	**186**	1,486	214
Australia and Asia	**5,141**	**182**	4,252	329
	44,879	**10,843**	36,406	9,370

There was one Group customer of the presswork manufacturing segment which accounted for 13% of the Group's revenues.

5. FINANCE INCOME AND EXPENSE

	2022 £'000	2021 £'000
Finance expense		
Bank borrowings	**211**	124
Lease interest	**60**	65
Hire purchase interest	**11**	16
	282	205
Finance income		
Other interest received	**5**	3
	5	3

Notes to the accounts (continued)

For the year ended 31st December 2022

6. TAX EXPENSE

	2022 £'000	2021 £'000
Current tax expense		
UK corporation tax		
UK tax expense on profits for the year	**429**	209
Prior year adjustment	**–**	8
Double tax relief	**(429)**	(239)
Double tax relief (prior year)	**–**	(8)
	–	(30)
Foreign corporation tax		
Foreign tax expense on profits for the year	**1,055**	573
Prior year adjustment	**(22)**	(2)
	1,033	571
Current tax charge	**1,033**	541
Deferred tax		
Origination and reversal of timing differences	**26**	(234)
Adjustments in respect of prior periods	**10**	(30)
Adjustments in respect of rate differences	**32**	43
Total tax charge	**1,101**	320

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:

	2022 £'000	2021 £'000
Profit before tax	**3,822**	1,070
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2021 – 19%)	**726**	203
Expenses not deductible for tax purposes	**7**	1
Superdeduction	**(37)**	–
Tax credits on research and development	**(14)**	(11)
Items charged to reserves	**24**	17
Foreign tax	**435**	222
Deferred tax not provided	**(81)**	(14)
Deferred tax – prior year	**10**	(30)
Deferred tax asset previously not recognised	**–**	(72)
Deferred tax on amortization of intangible asset	**21**	–
Prior year items	**(22)**	(2)
Rate differences	**32**	6
	1,101	320

Other than as shown in note 16, no deferred tax asset arising on tax losses or deferred tax liability in respect of other short term timing differences has been recognised as their future realisation is relatively uncertain. The amounts not recognised are estimated at £45,000 and £21,000 respectively (2021 – £24,000 and £nil respectively) calculated at a rate of 25% (2021 – 19%).

7. EMPLOYEES

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

	2022 No.	2021 No.
Office and management	**50**	51
Sales and distribution	**62**	53
Manufacturing	**74**	79
	186	183

Staff costs (including directors) comprise:

	Note	2022 £'000	2021 £'000
Wages and salaries		**8,733**	7,710
CJRS government grant		**–**	(15)
Defined contribution pension cost		**358**	249
Defined benefit pension cost	21.3	**177**	142
Other long-term employee benefits		**96**	65
Employer's national insurance contributions and similar taxes		**896**	779
		10,260	8,930

The UK CJRS grant related to the Covid pandemic.

	2022 £'000	2021 £'000
Directors' remuneration:		
Emoluments of qualifying services	**695**	665
Company pension contributions to money purchase schemes	**48**	45
	743	710

The number of directors for whom retirement benefits accrued under money purchase pension schemes amounted to 3 (2021 – 3) and under defined benefit pension schemes amounted to nil (2021 – nil). Further details of directors remuneration are included in the remuneration report.

Notes to the accounts (continued)

For the year ended 31st December 2022

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
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**
At 31st December 2021			
Cost	6,076	13,134	19,210
Accumulated depreciation	(281)	(10,216)	(10,497)
Net book value	5,795	2,918	8,713
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**
Year ended 31st December 2021			
Opening net book value	4,503	3,327	7,830
Additions	1,453	660	2,113
Disposals	–	(36)	(36)
Depreciation	(47)	(1,025)	(1,072)
Exchange differences	(114)	(8)	(122)
Closing net book value	5,795	2,918	8,713

The net book value of tangible fixed assets includes an amount of £253,000 (2021 – £414,000) in respect of assets held under hire purchase contracts. The related depreciation charge on these assets for the year was £151,000 (2021 – £197,000). There were no additions during the year (2021 – £58,000) of assets held under hire purchase contracts.

Assets in the course of construction which have not been depreciated total £1,296,000 (2021 – £1,206,000) of which £542,000 relates to the chain cell capital enhancements..

The total cost of non-depreciable assets included in freehold land and buildings was £3,164,000 (2021 – £3,165,000).

9. INTANGIBLE ASSETS

	Goodwill and software £'000	Distribution rights £'000	Total £'000
At 31st December 2022			
Cost	**155**	**725**	**880**
Accumulated amortisation	**(135)**	**(109)**	**(244)**
Net book value	**20**	**616**	**636**
At 31st December 2021			
Cost	149	–	149
Accumulated amortisation	(124)	–	(124)
Net book value	25	–	25
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**
Year ended 31st December 2021			
Opening net book value	37	–	37
Additions	–	–	–
Amortisation	(12)	–	(12)
Exchange differences	–	–	–
Closing net book value	25	–	25

Notes to the accounts (continued)

For the year ended 31st December 2022

10. RIGHT OF USE ASSETS

	Buildings £'000	IT Equipment £'000	Vehicles £'000	Total £'000
At 31st December 2022				
Cost	**437**	**174**	**447**	**1,058**
Accumulated depreciation	**(294)**	**(107)**	**(232)**	**(633)**
Net book value	**143**	**67**	**215**	**425**
At 31st December 2021				
Cost	414	163	436	1,013
Accumulated depreciation	(167)	(82)	(132)	(381)
Net book value	247	81	304	632

	Buildings £'000	IT Equipment £'000	Vehicles £'000	Total £'000
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**
Year ended 31st December 2021				
Opening net book value	213	93	181	487
Additions	162	33	220	415
Depreciation	(111)	(47)	(92)	(250)
Exchange differences	(17)	2	(5)	(20)
Closing net book value	247	81	304	632

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

	2022 £'000	2021 £'000
Raw materials	**883**	639
Work in progress	**293**	209
Finished goods	**11,421**	8,580
Goods in transit	**692**	696
	13,289	10,124

During the twelve months ended 31st December 2022 the Group reduced charges against finished goods inventories of £76,000 (2021 – £72,000) following reassessment of the saleability of certain stock items (note 2).

12. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Trade receivables	**7,819**	5,465
Other receivables	**620**	478
Prepayments	**321**	268
	8,760	6,211

Included in other receivables is £nil (2021 – £120,000) of corporation tax repayable and £513,000 (2021 – £215,000) 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. Trade receivables include a charge of £92,000 for bad debt provisions (2021 – credit of £66,000).

13. TRADE AND OTHER PAYABLES – CURRENT

	2022 £'000	2021 £'000
Trade payables	**5,767**	3,395
Other taxes and social security costs	**359**	248
Other payables	**107**	62
Accruals	**2,402**	1,190
	8,635	4,895

Accruals include the balance of provisions raised for repairs to the chain cell (see note 17).

14. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	2022 £'000	2021 £'000
Bank loans – secured	15a	**348**	1,064
Lease liabilities	15b	**200**	250
Hire purchase creditors	15c	**144**	158
Other creditors		**2,527**	1,430
		3,219	2,902

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	2022 £'000	2021 £'000
Bank loans – secured	15a	**1,932**	1,372
Lease liabilities	15b	**263**	415
Hire purchase creditors	15c	**78**	222
Other creditors (non-current)		**70**	37
		2,343	2,046

Notes to the accounts (continued)

For the year ended 31st December 2022

15. FINANCIAL LIABILITIES – NON-CURRENT (continued)

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

	2022 £'000	2021 £'000
Within one year	**348**	1,064
One to two years	**293**	181
Two to five years	**822**	322
Over five years	**817**	869
	2,280	2,436

Terms and conditions of outstanding loans were as follows:

	Interest rate %	Year of maturity	**2022 £'000**	2021 £'000
Development loan	**2.50% over Bank of England base rate**	2022	**–**	614
GBP term loan	**2.50% over Bank of England base rate**	2027	**824**	–
US dollar bank loan	**4.00% fixed**	2023	**44**	217
US dollar term loan	**2.25% over LIBOR**	2023	**–**	133
US dollar term loan	**3.74% fixed**	2024	**82**	117
EUR term loan	**1.31% fixed**	2034	**1,330**	1,354

The development loan relates to the construction of the Hunslet Road warehouse and was converted to a 5 year term loan on completion of the warehouse. This loan 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 US LIBOR loan was repaid in February 2022 to avoid the cost of converting to a SOFR loan. 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	**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**

At 31st December 2021 the minimum lease payment commitments in respect of RoU assets were as follows:

	£'000	£'000	£'000
Less than one year	310	(60)	250
One to two years	217	(32)	185
Two to five years	223	(30)	193
Over five years	40	(3)	37
	790	(125)	665

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.

At 31st December 2022, the Group had 34 leased RoU assets by category as follows: Buildings: 3, IT equipment: 8, and Vehicles: 23. The average remaining lease commitments were: Buildings: 1.7 years, IT equipment: 2.5 years, and Vehicles: 2.0 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 2022 was £327,000 (2021 – £299,000).

At 31st December 2022 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 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**

Hire purchase payments, interest charges and liabilities as at 31st December 2021 were as follows:

	Future Payments £'000	Interest Charges £'000	HP Creditor £'000
Within one year	169	(11)	158
One to two years	141	(6)	135
Two to five years	93	(6)	87
	403	(23)	380

16. DEFERRED INCOME TAX LIABILITY

	2022 £'000	2021 £'000
Accelerated capital allowances in excess of depreciation	**195**	183
Losses	**(171)**	(222)
Rolled over capital gains	**68**	63
	92	24

The increase in deferred tax liability relates primarily to the utilisation of available brought forward taxable losses.

	2022 Deferred tax £'000	2021 Deferred tax £'000
Balance at start of year	**24**	278
Deferred tax asset at start of year	**–**	(32)
Charged to income statement during the year	**68**	(222)
Balance at end of year	**92**	24

Deferred tax has been recognised at a blended rate of 29% (2021 – 29%) on accelerated capital allowances in 4B Elevator Components Limited and 25% (2021 – 25%) in respect of the Company, 4B Braime Components Limited and Braime Pressings Limited.

The Finance Act 2021 increased the UK tax rate to 25% from April 2023. This was substantially enacted at the balance sheet date and has been used to calculate the deferred tax balances.

Notes to the accounts (continued)

For the year ended 31st December 2022

17. PROVISION FOR LIABILITIES

	2022 £'000	2021 £'000
Balance at start of year	**1,054**	–
Charged to income statement during the year	**350**	1,054
Utilised in year	**(923)**	–
Transferred to accruals	**(481)**	–
Provision for liabilities at end of year	**–**	1,054

As reported in last year's annual report, 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. At the time of publication of the 2021 annual report the Company was yet to receive a firm quote from its contractors, and there remained uncertainty over the cost of restoration as the type of materials that may be used awaited the decision of local authority conservation officers. The provision represented the directors' best estimate of the required cost of restoration and of contractual costs arising from delays to the warehouse project. These costs were firmed up later in the year, resulting in an additional charge of £350,000 as disclosed under exceptional items in note 3. The chain cell restoration is expected to be completed in July 2023 and the remaining balance of the provision as at 31st December 2022 of £481,000 has been transferred to accruals (note 13).

18. SHARE CAPITAL

	2022 £'000	2021 £'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 £3,194,000 (2021 – £2,714,000), primarily euros and US dollars to sterling.

The Group's policy is to ensure a balance of financial instruments to meet its operating requirements. This has been achieved during the period. Unutilised committed borrowing facilities have been maintained in order to provide flexibility in the management of liquidity.

Fair values

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

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

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

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

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

Forward contracts

There were no forward currency contracts outstanding at 31st December 2022 (31st December 2021 – £nil).

Fixed interest term loans

Fixed interest term loans as at 31st December 2022 were US dollar term bank loans of £126,000 (2021 – £334,000) and euro bank term loans of £1,330,000 (2021 – £1,354,000) (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 £66,000 (2021 – £36,000), the interest due on bank loans repayable after one year but not more than five years totals £141,000 (2021 – £58,000), and the interest due on bank loans repayable after more than five years totals £50,000 (2021 – £48,000).

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

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 2021			
Sterling	(1,202)	–	(1,202)
Euro	466	–	466
US dollar	1,380	–	1,380
Other	819	–	819
	1,463	–	1,463

Notes to the accounts (continued)

For the year ended 31st December 2022

19. FINANCIAL INSTRUMENTS (CONTINUED)

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 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)**

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities Total £'000
Currency			
As at 31st December 2021			
Sterling	(2,484)	(507)	(2,991)
Euro	(49)	(1,506)	(1,555)
US dollar	(134)	(362)	(496)
Other	–	(358)	(358)
	(2,667)	(2,733)	(5,400)

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 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**

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 2021					
Sterling	–	797	249	2,866	3,912
Euro	–	–	–	–	–
US dollar	(419)	(2)	–	–	(421)
Other	(1,034)	(26)	(122)	–	(1,182)
	(1,453)	769	127	2,866	2,309

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 £27,000 (2021 – £12,000).

Currency rate sensitivity

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £355,000 (2021 – £301,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £290,000 (2021 – £247,000).

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:

	2022 £'000	2021 £'000
Expiring in one year or less	**2,830**	3,348

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

Notes to the accounts (continued)

For the year ended 31st December 2022

19. FINANCIAL INSTRUMENTS (CONTINUED)

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

Interest rate risk

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

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to insure sales when insurance cover is available. Quantitative disclosures have been made in note 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 (2021 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid

	2022 £'000	2021 £'000
Equity shares		
Ordinary shares		
Interim of 8.20p (2021 – 7.8p) per share paid on 24th May 2022	**39**	37
Interim of 4.75p (2021 – 4.25p) per share paid on 14th October 2022	**23**	20
	62	57
'A' Ordinary shares		
Interim of 8.20p (2021 – 7.80p) per share paid on 24th May 2022	**79**	75
Interim of 4.75p (2021 – 4.25p) per share paid on 14th October 2022	**46**	41
	125	116
Total dividends paid	**187**	173

An interim dividend of 9.00p per Ordinary and 'A' Ordinary share will be paid on 26th May 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 2019. The market value of Scheme assets at 6th April 2019 was £9,463,000. The funding level at 6th April 2019 was 104% on an ongoing basis. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

The next valuation of the scheme is due as at 6th April 2022 and is currently being prepared. 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 £40,000 during the year to 31st December 2023. 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.

Notes to the accounts (continued)

For the year ended 31st December 2022

21. PENSION COSTS (CONTINUED)

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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Balance at 1st January	**9,618**	10,328	**(9,618)**	(10,328)	**–**	–
Service cost – current	**68**	83	**–**	–	**68**	83
Service cost – past	**–**	–	**–**	–	**–**	–
Administration costs	**–**	–	**108**	59	**108**	59
Interest cost/(income)	**171**	122	**(175)**	(123)	**(4)**	(1)
Interest effect of asset ceiling	**–**	–	**–**	–	**–**	–
Included in profit or loss	**239**	205	**(67)**	(64)	**172**	141
Effect of asset ceiling	**–**	–	**754**	181	**754**	181
Remeasurement loss/(gain)						
a) Actuarial loss/(gain) from:						
– Financial assumptions	**(3,128)**	(601)	**–**	–	**(3,128)**	(601)
– Demographic assumption	**13**	–	**–**	–	**13**	–
– Adjustments (experience)	**(413)**	–	**–**	–	**(413)**	–
b) Return on plan asset (excluding interest)	**_**	–	**2,646**	330	**2,646**	330
Included in other comprehensive income	**(3,528)**	(601)	**2,646**	330	**(882)**	(271)
Employers contributions	**–**	–	**(44)**	(51)	**(44)**	(51)
Employees contributions	**8**	10	**(8)**	(10)	**–**	–
Benefits paid	**(256)**	(324)	**256**	324	**–**	–
Other movements	**(248)**	(314)	**204**	263	**(44)**	(51)
Balance at 31st December	**6,081**	9,618	**(6,081)**	(9,618)	**–**	–
Net remeasurement gain taken to other comprehensive income	**3,528**	601	**(3,400)**	(511)	**128**	90

The asset ceiling arises as based on the assumptions adopted there is a net pension scheme asset of £1,036,000 at 31st December 2022 but as Braime Pressings Limited does not have an unconditional right to any surplus of the scheme, the surplus of £1,036,000 has not been recognised in the Group balance sheet and therefore assets have been reduced by £1,036,000 to £6,081,000 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 £754,000 (2021 – £181,000) but the interest effect of asset ceiling are recognised in the profit for the year.

The actual return on assets during the year was (£2,471,000) (2021 – (£207,000)).

21.4 Analysis of fair value of plan assets between asset categories

	2022 % of total assets	2021 % of total assets	**2022 £'000**	2021 £'000
Annuity policies in payment	**58.0%**	55.5%	**4,128**	5,495
Equities – quoted – overseas	**21.1%**	16.4%	**1,502**	1,624
Equities – quoted – UK	**3.5%**	2.5%	**249**	248
Cash	**0.9%**	1.1%	**64**	109
With profit deferred annuities	**16.5%**	24.5%	**1,174**	2,424
Asset ceiling	**–**	–	**(1,036)**	(282)
Total	**100.0%**	100.0%	**6,081**	9,618

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

21.5 Reconciliation of effect of asset ceiling

	2022 £'000	2021 £'000
Effect of asset ceiling at start	**282**	101
Interest on effect of asset ceiling	**5**	1
Actuarial losses/(gains)	**749**	180
Effect of asset ceiling at end	**1,036**	282

21.6 Key assumptions and sensitivities

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

	2022	2021
Discount rate	**4.90%**	1.80%
Inflation (RPI)	**3.45%**	3.65%
Salary increases	**3.45%**	3.65%
Pension increase (LP15)	**3.30%**	3.50%
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 2018 projections using a long-term improvement rate of 1% pa
Commutation	**No allowance has been made for members to take tax free cash**	No allowance has been made for members to take tax free cash
Zurich with-profits deferred annuity policy	**70% future income value, 30% market value**	70% future income value, 30% market value

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

The sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same. The sensitivity analysis shown has been determined using the same method as per the calculation of liabilities for the balance sheet disclosures, but using assumptions adjusted as detailed below.

	Approximate effect on liability £'000
Adjustments to assumptions	
Discount rate	
Plus 0.50%	70
Minus 0.50%	(77)
Inflation	
Plus 0.50%	(111)
Minus 0.50%	116
Salary increase	
Plus 0.50%	(18)
Minus 0.50%	18
Life expectancy	
Plus 1.0 years	(1)
Minus 1.0 years	4
% With-profit deferred annuities converted on retirement using guaranteed annuity rates	
Plus 10.00% (i.e. 80%)	92
Minus 10.00% (i.e. 60%)	(92)

Notes to the accounts (continued)

For the year ended 31st December 2022

22. NOTES SUPPORTING CONSOLIDATED CASH FLOW STATEMENT

	2022 £'000	2021 £'000
Cash and cash equivalents		
Cash at bank and in hand	**1,458**	1,463
Bank overdraft	**(672)**	(489)
	786	974

Major non-cash transaction

During the year the Group acquired tangible assets of £nil (2021 – £58,000) subject to finance under hire purchase agreements of £nil (2021 – £39,000).

23. CAPITAL COMMITMENTS

There were capital commitments of £594,000 (2021 – £634,000) which are contracted but not provided for in these financial statements.

24. SUBSIDIARIES

			Proportion of shares held 2022 and 2021	
	Subsidiary	**Principal activity**	**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.

25. RELATED PARTY TRANSACTIONS

The total remuneration for key management personnel for the year including directors totalled £1,567,000 (2021 – £1,382,000). There were no other related party transactions during the year.

Company balance sheet

For the year ended 31st December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	3	–	5
Tangible fixed assets	4	**8,412**	7,126
Investments	5	**1,978**	1,978
		10,390	9,109
Current assets			
Debtors: due within one year	8	**2,010**	1,753
		2,010	1,753
Creditors: amounts falling due within one year			
Amounts owed to Group undertakings		**6,506**	4,165
Other creditors falling due within one year	9	**1,730**	1,824
		8,236	5,989
Net current liabilities		**(6,226)**	(4,236)
Total assets less current liabilities		**4,164**	4,873
Creditors: amounts falling due after more than one year	10	**726**	187
Provisions for liabilities	11	**252**	1,172
		3,186	3,514
Capital and reserves			
Called up share capital	12	**360**	360
Revaluation reserve		**85**	85
Capital redemption reserve		**180**	180
Retained earnings		**2,561**	2,889
Shareholders' funds		**3,186**	3,514
Company's (loss)/profit for the financial year		**(141)**	505

These financial statements were approved and authorised for issue by the board of directors on 24th April 2023 and signed on its behalf by:

Nicholas Braime, Chairman

Cielo Cartwright, Chief Financial Officer

The notes on pages 62 to 68 form part of these financial statements

Company statement of changes in equity

For the year ended 31st December 2022

	Called up Share Capital £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1st January 2021	360	85	180	2,557	3,182
Comprehensive income for the financial year – profit	–	–	–	505	505
Dividends paid	–	–	–	(173)	(173)
Balance at 31st December 2021	**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**

The revaluation reserve represents the fair value uplift in the Company's freehold property.
The capital redemption reserve represents the nominal value of preference share capital repurchased by the Company.
The retained earnings represent cumulative profit or losses net of dividends and other adjustments. Included within retained earnings is a non-distributable amount of £71,000.
Included in profit for the year is a dividend received from the Company's subsidiary 4B Elevator Components Limited.

Notes to the Company accounts

For the year ended 31st December 2022

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 March 2018 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

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

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

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

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

2.2 Financial Reporting Standard 102 – reduced disclosure exemptions

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

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

2.3 Intangible assets

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

2.4 Property, plant and equipment

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

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

- 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.

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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.

Notes to the Company accounts (continued)

For the year ended 31st December 2022

2. ACCOUNTING POLICIES (CONTINUED)

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.

Provisions

A provision is raised where management consider a liability exists as a result of a past event but where its timing and amount are uncertain. When considering whether a provision should be raised, the directors assess the probability that an outflow of cash or other economic resource will be required to settle the provision and whether the liability can be measured reliably. Liabilities which cannot be measured reliably or where settlement is not probable are not provided for. The directors make external enquiries and seek evidence that a legal obligation to settle the liability exists, or that actions of entities within the Group have created an expectation that the Company will accept and discharge certain responsibilities and the Company has no realistic alternatives but to settle those obligations. They also consider the source of the information to determine if the evidence can provide a reliable measure of the liability.

3. INTANGIBLE ASSETS

	Software £'000
Cost	
At 1st January 2022	**52**
Additions	**–**
At 31st December 2022	**52**
Amortisation	
At 1st January 2022	**47**
Provided for the year	**5**
At 31st December 2022	**52**
Net book value	
At 31st December 2022	**–**
At 31st December 2021	5

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 2022	**5,277**	**5,446**	**234**	**2**	**10,959**
Additions	**1,393**	**486**	**8**	**–**	**1,887**
At 31st December 2022	**6,670**	**5,932**	**242**	**2**	**12,846**
Depreciation					
At 1st January 2022	**10**	**3,655**	**166**	**2**	**3,833**
Provided for the year	**33**	**539**	**29**	**–**	**601**
At 31st December 2022	**43**	**4,194**	**195**	**2**	**4,434**
Net book value					
At 31st December 2022	**6,627**	**1,738**	**47**	**–**	**8,412**
At 31st December 2021	5,267	1,791	68	–	7,126

The net book value of tangible fixed assets includes an amount of £201,000 (2021 – £339,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation on these assets for the year was £138,000 (2021 – £183,000). Assets in the course of construction which have not been depreciated total £1,296,000 (2021 – £1,206,000).

The historical cost of the freehold land and buildings is £5,206,000.

Notes to the Company accounts (continued)

For the year ended 31st December 2022

5. INVESTMENTS

Subsidiary undertakings

	£'000
At 1st January 2022 and 31st December 2022	**1,978**

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

6. EMPLOYEES

	2022 No.	2021 No.
Office and management	**9**	9

	2022 £'000	2021 £'000
Directors' remuneration		
Emoluments for qualifying service	**590**	565

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

7. PROFIT FOR THE FINANCIAL YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

8. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Other taxes	**183**	102
Prepayments	**39**	8
Amounts owed by Group undertakings	**1,788**	1,643
	2,010	1,753

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Bank overdraft	**597**	882
Bank loan – secured	**152**	614
Corporation tax	**6**	3
Trade creditors	**33**	35
Accruals	**811**	161
Hire purchase – secured	**131**	129
	1,730	1,824

The bank loan relates to the development loan for the construction of the Hunslet Road warehouse which was converted to a 5 year term loan on completion of the warehouse (see note 10a for terms). Cross guarantees exist in respect of certain Group company bank borrowings. At 31st December 2022 the borrowings guaranteed by the Company amounted to £nil (2021 – £nil).

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

	2022 £'000	2021 £'000
Bank Loan	672	–
Hire purchase creditor – secured	54	187
	726	187

The bank loan is 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:

	2022 £'000	2021 £'000
Within one year	152	614
One to two years	162	–
Two to five years	510	–
	824	614

11. PROVISIONS FOR LIABILITIES

	2022 £'000	2021 £'000
Provision for liabilities – chain cell repair	–	1,054
Deferred tax (see note 11a)	252	118
	252	1,172

The provision for chain cell repairs is disclosed further in note 17 of the Group financial statements.

11a. Deferred tax liability

	2022 £'000	2021 £'000
Accelerated capital allowances	207	129
Rolled over capital gains	68	63
Property fair value adjustment	149	149
Losses	(172)	(223)
	252	118

	2022 Deferred tax £'000	2021 Deferred tax £'000
Balance at start of year	118	190
Charged to income statement during the year	134	(72)
Balance at end of year	252	118

The Finance Act 2021 increased the UK tax rate to 25% from April 2023. This was substantially enacted at the balance sheet date and has been used to calculate the deferred tax balances.

Deferred tax has therefore been recognised at a rate of 25% (2021 – 25%).

Notes to the Company accounts (continued)

For the year ended 31st December 2022

12. SHARE CAPITAL

	2022 £'000	2021 £'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.

Five year record

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Turnover	**44,879**	36,406	32,803	33,433	35,718
Profit from operations (before exceptional item)	**4,449**	2,489	1,377	2,221	3,242
Profit before tax	**3,822**	1,070	1,195	1,746	3,017
Profit after tax	**2,721**	750	854	1,349	2,229
Basic and diluted earnings per share	**188.96p**	52.08p	59.31p	93.68p	154.79p

Notice of meeting

Notice is hereby given that the SEVENTY THIRD 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 22nd June 2023 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 2022, and the report of the auditors thereon.

2. To confirm the dividends paid on 14th October 2022 and 26th May 2023 on the Ordinary and 'A' Ordinary shares.

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

4. To re-appoint as a director M. T. Cooper, who was appointed since the last Annual General Meeting and, being eligible, offers himself for re-election.

5. To re-appoint as a director Dr. A. Steels, who was appointed since the last Annual General Meeting and, being eligible, offers himself for re-election.

6. To re-appoint as a director P. P. Stockdale, who was appointed since the last Annual General Meeting and, being eligible, offers himself for re-election.

7. 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.

8. To authorise the directors to set the remuneration of the auditors.

By order of the board,
Cielo Cartwright, Secretary
Hunslet Road, Leeds, LS10 1JZ
24th April 2023

Explanatory notes of resolutions

ACCOMPANYING NOTES

1. A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not also be a member of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice.

2. To be valid, the form of proxy must be received at the Company's registered office at Hunslet Road, Leeds LS10 1JZ by no later than 11:45am on 20th June 2023.

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 2022 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 20th June 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Explanatory notes of resolutions (continued)

The following notes give an explanation of the proposed resolutions. Resolutions 1 to 8 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 2022 to the meeting.

2. Confirmation of dividends

To confirm the interim dividend on the Ordinary and 'A' Ordinary shares of 4.75p per share paid on 14th October 2022 and 9.00p per share paid on 26th May 2023.

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 director is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

3. O. N. A. Braime

The following directors were appointed since the last Annual General Meeting and, being eligible, offer themselves for re-election

4. M. T. Cooper

5. Dr. A. Steels

6. P. P. Stockdale

7. 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.

8. 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) Peter Alcock, B. Eng. (Non-executive director) Andrew Walker, MA (Cantab) (Non-executive director) Alan Braime, BA (Hons), FCA Carl Braime, BSc (Hons), MSc, MBA Cielo Cartwright, BSc (Hons), FCA
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)

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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

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