

Company Registration No. 01672130 (England and Wales)

BRYKEN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020



BRYKEN LIMITED

COMPANY INFORMATION

| | | |
|--------------------------|---|--------------------------|
| Directors | N. Lund B. Taylor P. Taylor S. Taylor | (Appointed 29 June 2020) |
| Secretary | S. Taylor | |
| Company number | 01672130 | |
| Registered office | Randles Road Knowsley Business Park Merseyside L34 9HX | |
| Auditor | Jackson Stephen LLP James House Stonecross Business Park Yew Tree Way Warrington Cheshire WA3 3JD | |
| Business address | Randles Road Knowsley Business Park Merseyside L34 9HX | |
| Bankers | National Westminster Bank plc 4 Standishgate Wigan Lancashire WN1 1UE | |

BRYKEN LIMITED

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BRYKEN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present the strategic report for the year ended 30 November 2020.

Fair review of the business

The company has achieved a better than expected result for the year in a challenging industry. Turnover has decreased by 9.5% to £9.3m (2019: £10.2m), and the company's gross profit margin (a key performance indicator) increased to 32.0% (2019: 30.8%). Gross profit has decreased to £3.0m (2019: £3.2m).

The company has continued to closely monitor administrative costs.

The company expects an improved position in 2021 as it looks to continue to provide excellent customer service and outstanding products. The current pandemic has obviously had an impact on the company operationally, however the company has continued to trade throughout the period.

Liquidity risk

The company aims to mitigate liquidity risk by closely managing cash generated by its operating business and monitoring performance. Capital investment is also closely controlled.


Foreign currency risk

The majority of the company's revenue is invoiced in sterling and all its operations arise within the UK. Its purchases are mainly from the UK or mainland Europe. The impact of exchange rates is closely monitored and mitigated where possible.

Credit risk

It is the company's policy that all customers are subject to credit verification procedures. The group only offers terms to recognised credit worthy third parties. In addition debtor balances are monitored on an ongoing basis with the result that the group's history of bad debt losses is minimal

By order of the board



S. Taylor

Secretary

18 August 2021

BRYKEN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present their annual report and financial statements for the year ended 30 November 2020.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £2,148,000. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|-----------|--------------------------|
| N. Lund | (Appointed 29 June 2020) |
| B. Taylor | |
| P. Taylor | |
| S. Taylor | |

Auditor

The auditor, Jackson Stephen LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the director's report.

Statement of disclosure to auditor

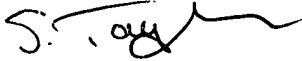
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

BRYKEN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

By order of the board



S. Taylor
Secretary

18 August 2021

BRYKEN LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRYKEN LIMITED

Opinion

We have audited the financial statements of Bryken Limited (the 'company') for the year ended 30 November 2020 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

BRYKEN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRYKEN LIMITED

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement included within the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Atkinson F.C.A. (Senior Statutory Auditor)
For and on behalf of Jackson Stephen LLP

26 August 2021

Chartered Accountants
Statutory Auditor

James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

BRYKEN LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 NOVEMBER 2020

| | Notes | 2020 £ | 2019 £ |
|--|-----------|-------------|-------------|
| Turnover | 3 | 9,253,937 | 10,227,485 |
| Cost of sales | | (6,293,724) | (7,075,537) |
| Gross profit | | 2,960,213 | 3,151,948 |
| Distribution costs | | (51,988) | (55,061) |
| Administrative expenses | | (2,034,206) | (2,280,391) |
| Other operating income | | 444,330 | 42,000 |
| Operating profit | 4 | 1,318,349 | 858,496 |
| Interest receivable and similar income | 8 | 1,427 | 1,467 |
| Interest payable and similar expenses | 9 | (11,967) | (139,891) |
| Profit before taxation | | 1,307,809 | 720,072 |
| Tax on profit | 10 | (233,548) | (5,876) |
| Profit for the financial year | | 1,074,261 | 714,196 |
| Retained earnings brought forward | | 7,906,904 | 7,345,108 |
| Dividends | 11 | (2,148,000) | (152,400) |
| Retained earnings carried forward | | 6,833,165 | 7,906,904 |

The Statement of Income and Retained Earnings has been prepared on the basis that all operations are continuing operations.

BRYKEN LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2020

| | Notes | 2020 | | 2019 | |
|--|-------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 12 | | 140,202 | | 137,942 |
| Tangible assets | 13 | | 3,817,792 | | 3,423,570 |
| Investments | 14 | | 359,000 | | 359,000 |
| | | | <u>4,316,994</u> | | <u>3,920,512</u> |
| Current assets | | | | | |
| Stocks | 15 | 680,686 | | 734,543 | |
| Debtors | 16 | 3,341,733 | | 5,012,017 | |
| Cash at bank and in hand | | 1,611,781 | | 913,988 | |
| | | <u>5,634,200</u> | | <u>6,660,548</u> | |
| Creditors: amounts falling due within one year | 17 | (2,498,906) | | (2,340,347) | |
| Net current assets | | | <u>3,135,294</u> | | <u>4,320,201</u> |
| Total assets less current liabilities | | | <u>7,452,288</u> | | <u>8,240,713</u> |
| Creditors: amounts falling due after more than one year | 18 | | (226,788) | | (56,758) |
| Provisions for liabilities | 20 | | (390,735) | | (275,451) |
| Net assets | | | <u>6,834,765</u> | | <u>7,908,504</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1,600 | | 1,600 |
| Profit and loss reserves | | | 6,833,165 | | 7,906,904 |
| Total equity | | | <u>6,834,765</u> | | <u>7,908,504</u> |

The financial statements were approved by the board of directors and authorised for issue on 18 August 2021 and are signed on its behalf by:


N. Lund
Director

Company Registration No. 01672130

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

Company information

Bryken Limited is a private company limited by shares incorporated in England and Wales. The registered office is Randles Road, Knowsley Business Park, Merseyside, L34 9HX.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bryken Group Holdings Limited. These consolidated financial statements are available from Companies House, Crown Way Maindy, Cardiff, CF14 3UZ.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for manufactured precision engineering parts and services, net of VAT, despatched or provided by the balance sheet date.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Revenue for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------|--------------------------------------|
| Software | 20% per annum reducing balance basis |
|----------|--------------------------------------|

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------|--|
| Leasehold improvements | 10% per annum straight line basis |
| Plant and machinery | 10% per annum straight line basis |
| Fixtures and fittings | 15% per annum reducing balance basis and 33% per annum straight line basis |
| Motor vehicles | 25% per annum reducing balance basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.18 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The critical estimates made by the directors in preparing these financial statements relate to the assessment of the useful economic lives of the company's tangible fixed assets and intangible fixed assets when determining the appropriate amortisation and depreciation policies as disclosed in note 1.4 and note 1.5, as well as their assessment of the required level of stock and debtor provisions to ensure that the company's assets are included at the correct carrying amounts at the balance sheet date.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2020 | 2019 |
|---|------------------|-------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Manufactured precision engineering parts and services | 9,253,937 | 10,227,485 |
| | <u>9,253,937</u> | <u>10,227,485</u> |
| | 2020 | 2019 |
| | £ | £ |
| Other significant revenue | | |
| Interest income | 1,427 | 1,467 |
| Grants received | 444,330 | - |
| Sundry income | - | 42,000 |
| | <u>445,757</u> | <u>43,467</u> |
| | 2020 | 2019 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 8,847,304 | 9,698,230 |
| Europe | 406,633 | 529,255 |
| | <u>9,253,937</u> | <u>10,227,485</u> |

4 Operating profit

| | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | (23,961) | - |
| Government grants | (444,330) | - |
| Depreciation of owned tangible fixed assets | 721,228 | 748,277 |
| Depreciation of tangible fixed assets held under finance leases | 207,639 | 160,757 |
| Loss/(profit) on disposal of tangible fixed assets | 976 | (4,417) |
| | <u>261,552</u> | <u>864,617</u> |

5 Auditor's remuneration

| | 2020 | 2019 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 13,025 | 12,770 |
| | <u>13,025</u> | <u>12,770</u> |
| For other services | | |
| Other taxation services | 5,100 | 4,900 |
| All other non-audit services | 11,725 | 1,690 |
| | <u>16,825</u> | <u>6,590</u> |

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2020 Number | 2019 Number |
|----------------|----------------|----------------|
| Production | 49 | 62 |
| Administration | 32 | 32 |
| Total | <u>81</u> | <u>94</u> |

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,639,371 | 2,557,775 |
| Social security costs | 229,592 | 223,956 |
| Pension costs | 145,705 | 143,862 |
| | <u>3,014,668</u> | <u>2,925,593</u> |

7 Directors' remuneration

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Remuneration for qualifying services | 28,108 | 25,139 |
| Company pension contributions to defined contribution schemes | 6,300 | 5,200 |
| | <u>34,408</u> | <u>30,339</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 2).

8 Interest receivable and similar income

| | 2020 £ | 2019 £ |
|---------------------------|--------------|--------------|
| Interest income | | |
| Interest on bank deposits | 1,427 | 1,467 |
| | <u>1,427</u> | <u>1,467</u> |

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

9 Interest payable and similar expenses

| | 2020 | 2019 |
|--|---------------|----------------|
| | £ | £ |
| Interest on finance leases and hire purchase contracts | 11,723 | 7,675 |
| Other interest | 244 | 132,216 |
| | <u>11,967</u> | <u>139,891</u> |

10 Taxation

| | 2020 | 2019 |
|--|----------------|-----------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 167,924 | 124,794 |
| Adjustments in respect of prior periods | (49,660) | (88,588) |
| Total current tax | <u>118,264</u> | <u>36,206</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 82,793 | (31,898) |
| Changes in tax rates | 32,491 | - |
| Adjustment in respect of prior periods | - | 1,568 |
| Total deferred tax | <u>115,284</u> | <u>(30,330)</u> |
| Total tax charge | <u>233,548</u> | <u>5,876</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 | 2019 |
|--|------------------|----------------|
| | £ | £ |
| Profit before taxation | <u>1,307,809</u> | <u>720,072</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 248,484 | 136,814 |
| Tax effect of expenses that are not deductible in determining taxable profit | 2,792 | 1,097 |
| Adjustments in respect of prior years | (49,660) | (88,588) |
| Depreciation on assets not qualifying for tax allowances | 1,006 | 977 |
| Research and development tax credit | - | (49,659) |
| Under/(over) provided in prior years | (3,166) | - |
| Deferred tax adjustments in respect of prior years | 1,601 | 1,568 |
| Deferred tax effect of rate change | 32,491 | 3,667 |
| Taxation charge for the year | <u>233,548</u> | <u>5,876</u> |

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

10 Taxation

(Continued)

A UK corporation tax rate of 25% was announced in the Chancellor's Budget of 3 March 2021, along with a temporary extension to the loss carry-back rules allowing up to £2m of tax losses to be carried back to the preceding 3 periods. The 25% rate will apply from 1 April 2023 and the carry-back of losses is expected to apply to year ends 31 December 2020 and 31 December 2021. If these two measures had been substantively enacted at the balance sheet date the deferred tax liability would have increased by £97K.

11 Dividends

| | 2020 £ | 2019 £ |
|--------------|-----------|-----------|
| Interim paid | 2,148,000 | 152,400 |

12 Intangible fixed assets

| | Software £ |
|---|---------------|
| Cost | |
| At 1 December 2019 | 137,942 |
| Additions - separately acquired | 2,260 |
| At 30 November 2020 | 140,202 |
| Amortisation and impairment | |
| At 1 December 2019 and 30 November 2020 | - |
| Carrying amount | |
| At 30 November 2020 | 140,202 |
| At 30 November 2019 | 137,942 |

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

13 Tangible fixed assets

| | Leasehold improvements | Plant and machinery | Fixtures and fittings | Motor vehicles | Total |
|------------------------------------|---------------------------|------------------------|--------------------------|-------------------|-------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 December 2019 | 492,768 | 10,654,290 | 265,028 | 69,934 | 11,482,020 |
| Additions | 83,535 | 1,322,919 | 12,611 | - | 1,419,065 |
| Disposals | (214,255) | (2,826,114) | (175,935) | - | (3,216,304) |
| At 30 November 2020 | 362,048 | 9,151,095 | 101,704 | 69,934 | 9,684,781 |
| Depreciation and impairment | | | | | |
| At 1 December 2019 | 369,049 | 7,442,819 | 194,801 | 51,781 | 8,058,450 |
| Depreciation charged in the year | 25,694 | 875,102 | 18,994 | 9,077 | 928,867 |
| Eliminated in respect of disposals | (214,255) | (2,730,138) | (175,935) | - | (3,120,328) |
| At 30 November 2020 | 180,488 | 5,587,783 | 37,860 | 60,858 | 5,866,989 |
| Carrying amount | | | | | |
| At 30 November 2020 | 181,560 | 3,563,312 | 63,844 | 9,076 | 3,817,792 |
| At 30 November 2019 | 123,719 | 3,211,471 | 70,227 | 18,153 | 3,423,570 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | 2020 | 2019 |
|---------------------|-----------|---------|
| | £ | £ |
| Plant and machinery | 1,243,591 | 527,059 |

14 Fixed asset investments

| | 2020 | 2019 |
|----------------------|---------|---------|
| | £ | £ |
| Unlisted investments | 359,000 | 359,000 |

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

14 Fixed asset investments (Continued)

Movements in fixed asset investments

Investments
other than
loans
£

Cost or valuation

At 1 December 2019 & 30 November 2020

359,000

Carrying amount

At 30 November 2020

359,000

At 30 November 2019

359,000

15 Stocks

2020
£

2019
£

Raw materials and consumables

394,355

562,671

Work in progress

66,802

853

Finished goods and goods for resale

219,529

171,019

680,686

734,543

16 Debtors

2020
£

2019
£

Amounts falling due within one year:

Trade debtors

2,199,212

3,221,550

Corporation tax recoverable

283,385

332,892

Amounts owed by group undertakings

75,877

75,877

Other debtors

659,423

1,329,376

Prepayments and accrued income

123,836

52,322

3,341,733

5,012,017

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

17 Creditors: amounts falling due within one year

| | Notes | 2020 £ | 2019 £ |
|------------------------------------|-------|------------------|------------------|
| Obligations under finance leases | 19 | 674,973 | 179,247 |
| Trade creditors | | 1,083,452 | 1,607,121 |
| Corporation tax | | 167,924 | 174,453 |
| Other taxation and social security | | 411,115 | 280,538 |
| Other creditors | | 66,582 | - |
| Accruals and deferred income | | 94,860 | 98,988 |
| | | <u>2,498,906</u> | <u>2,340,347</u> |

18 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|----------------------------------|-------|----------------|---------------|
| Obligations under finance leases | 19 | <u>226,788</u> | <u>56,758</u> |

19 Finance lease obligations

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Future minimum lease payments due under finance leases: | | |
| Within one year | 674,973 | 179,247 |
| In two to five years | 226,788 | 56,758 |
| | <u>901,761</u> | <u>236,005</u> |

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Finance lease obligations are secured on the assets to which they relate. Obligations under finance leases are secured on the assets to which they relate.

20 Provisions for liabilities

| | Notes | 2020 £ | 2019 £ |
|--------------------------|-------|----------------|----------------|
| Deferred tax liabilities | 21 | <u>390,735</u> | <u>275,451</u> |

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities 2020 £ | Liabilities 2019 £ |
|---|--------------------------|--------------------------|
| Balances: | | |
| ACAs | 390,735 | 275,451 |
| | <u> </u> | <u> </u> |
| | | 2020 |
| Movements in the year: | | £ |
| Liability at 1 December 2019 | | 275,451 |
| Charge to profit or loss | | 82,793 |
| Effect of change in tax rate - profit or loss | | 32,491 |
| | | <u> </u> |
| Liability at 30 November 2020 | | 390,735 |
| | | <u> </u> |

The deferred tax liability set out above is expected to reverse within 3 years and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 145,705 | 143,862 |
| | <u> </u> | <u> </u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Ordinary share capital Issued and fully paid | | |
| 100 Ordinary Shares of £1 each | 100 | 100 |
| 1,500 Ordinary Non-Voting Shares of £1 each | 1,500 | 1,500 |
| | <u> </u> | <u> </u> |
| | 1,600 | 1,600 |
| | <u> </u> | <u> </u> |

24 Financial commitments, guarantees and contingent liabilities

Bryken Limited and its parent company Bryken (Holdings) Limited are subject to a cross guarantee in favour of the bank. At 30 November 2020 the company had a maximum contingent liability under this agreement amounting to £Nil (2019: £Nil).

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

25 Operating lease commitments

The operating leases represent leases to third and related parties. The leases are negotiated over terms of one to five years and rentals are fixed for the term.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2020 | 2019 |
|-----------------|------------|------------|
| | £ | £ |
| Within one year | 282 | 282 |
| | <u>282</u> | <u>282</u> |

26 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

| | Sale of goods | |
|-------------------|-------------------|------------------|
| | 2020 | 2019 |
| | £ | £ |
| Connected company | 1,145,728 | 1,945,752 |
| | <u>1,145,728</u> | <u>1,945,752</u> |
| | Management charge | |
| | 2020 | 2019 |
| | £ | £ |
| Connected company | - | 42,000 |
| | <u>-</u> | <u>42,000</u> |

Connected companies are considered connected to Bryken Limited by virtue of a common shareholder who controls both entities.

The following amounts were outstanding at the reporting end date:

| | 2020 |
|--|------------------|
| | £ |
| Amounts owed by related parties | |
| Connected company | 389,819 |
| | <u>389,819</u> |
| | 2019 |
| | Balance |
| | £ |
| Amounts owed in previous period | |
| Connected company | 1,037,608 |
| | <u>1,037,608</u> |

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

27 Directors' transactions

During the year the company paid rent of £56,667 (2019: £nil) to a director of the company.

Advances or credits have been granted by the company to its directors as follows:

| Description | % Rate | Opening balance £ | Amounts advanced £ | Amounts repaid £ | Closing balance £ |
|------------------|-----------|-------------------------|--------------------------|------------------------|-------------------------|
| B. Taylor - loan | - | 1,328,659 | 620,134 | (1,328,659) | 620,134 |
| | | <u>1,328,659</u> | <u>620,134</u> | <u>(1,328,659)</u> | <u>620,134</u> |

28 Ultimate controlling party

The parent company is Bryken (Holdings) Limited, a company registered in England and Wales.

The ultimate parent company is Bryken Group Holdings Limited which is preparing consolidated financial statements which include Bryken Limited.

The ultimate controlling party is considered to be B Taylor by virtue of his majority share holding in the ultimate parent company.