Registered number: 05501054

# CARLISLE BRAKE PRODUCTS (UK) LIMITED

**Annual report and financial statements**

**For the year ended 31 December 2020**

**CARLISLE BRAKE PRODUCTS (UK) LIMITED**

**Company Information**

| | |
|---|---|
| **Directors** | Ian Reid (appointed 23 March 2020, resigned 2 August 2021)<br>Michael Roberson (resigned 23 March 2020)<br>Gareth Griffiths (resigned 2 August 2021)<br>Robert Spielvogel (appointed 2 August 2021)<br>Tony Lee (appointed 2 August 2021)<br>Karl Messmer (appointed 2 August 2021)<br>Roger Roundhouse (appointed 2 August 2021)<br>Matthew Pauli (appointed 2 August 2021) |
| **Registered number** | 05501054 |
| **Registered office** | Omega 500 Mamhilad Technology Park<br>Old Abergavenny Road<br>Pontypool<br>Wales<br>NP4 0JJ |
| **Independent auditors** | PKF Smith Cooper Audit Limited<br>Chartered Accountant & Statutory Auditors<br>St Helen's House<br>King Street<br>Derby<br>DE1 3EE |

**CARLISLE BRAKE PRODUCTS (UK) LIMITED**

**Contents**

## CARLISLE BRAKE PRODUCTS (UK) LIMITED

**Strategic report**
**For the year ended 31 December 2020**

**Introduction**

The directors present their Strategic Report for Carlisle Brake Products (UK) Limited ("the Company") for the year ended 31 December 2020.The principal activities of the Company are the design, manufacture and supply of off highway brake products. The Company carries out research and development work in relation to the products supplied.

**Business and going concern review**

The statement of total comprehensive income for the year is set out on page 8. The business experienced slightly weaker sales in 2020 compared to 2019 due to general market conditions and impact of Covid restrictions.

Subsequent to the year end, the Company has seen a substantial increase in demand for its manufactured products, with the easing of some Covid -19 restrictions. As a result of worldwide increased demand, the Company has also experienced inflationary pressure, on commodities, labour and transportation. The directors believe that these have been managed effectively, so that the overall forecast for the Company remains positive for 2022.

On August 2nd 2021, Carlisle Brake Products UK Ltd, as part of the larger CBF group, was sold to CentroMotion, a company based in USA. It is intended that the Company will continue to operate in its current market, with its current product base.

The Company was funded using a European cash pooling facility which was managed by Carlisle Acquisition I.B.V. At 31 December 2020 the Company had a net payable balances of £42,165 (2019: £3.3 million) due to the treasury within the cash pooling facilities and these amounts are included within amounts due from group undertakings and amounts owed to group undertakings falling due within within one year. Subsequent to the year end, the Company changed its funding facilities following acquisition by CentroMotion, as it now manages its own cash and banking facilities.

The directors believe that the Company is well placed to manage its business risks successfully for a period of at least 12 months from the date of approval of the financial statements. The impact of Covid 19 has been specifically reviewed and the directors concluded that although the impact has been significant, it does not impact upon the ability of the business to continue as usual, particularly following the lessening of restrictions. The directors have prepared financial forecasts and cashflows for the Company for a period of 12 months from the approval of the financial statements and believe that it is able to meet its liabilities as they fall due.

**Strategic report (continued)**
**For the year ended 31 December 2020**

**Principal risks and uncertainties**

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effect of changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects of debt finance and the related finance costs on the performance of the Company

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policy set by the board of directors is implemented by the Company's finance department.

**Price Risk**

The Company is not exposed to any significant commodity price risk.

**Credit Risk**

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

**Liquidity, interest rate cash flow risk**

All the Company's debt is intercompany and the interest rate risk, liquidity risk and the interest rate cashflow risk is managed by the board of Carlisle Companies Inc.

**Covid 19- risk**

The directors do not see this as a significant on-going risk to the Company, unless significant restrictions are re-imposed in line with those of the first lock-down. The Company continues to implement Covid safeguards in line with on-going rules and guidance.

**Financial key performance indicators**

The directors consider that the key performance indicators of the Company to be sales and operating profit. Sales have decreased from £21.2 million in 2019 to £18.3 million in 2020, due to the impact of the Covid 19 pandemic. Operating profit decreased from £2.5 million in 2019 to £1.3 million in 2020, as a result of the decrease in sales, arising from the pandemic and the fact that a substantial proportion of costs are fixed and therefore cannot be automatically flexed in line with sale fluctuations.

This report was approved by the board on 1-17-2022 and signed on its behalf.

Matthew P Paoli
Board of Directors

CARLISLE BRAKE PRODUCTS (UK) LIMITED

**Directors' report**
**For the year ended 31 December 2020**

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

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,422,548 (2019 - £1,991,029).

No dividends have been paid in the year (2019: £7,000,000)

**Directors**

The directors who served during the year were:

Ian Reid (appointed 23 March 2020, resigned 2 August 2021)
Michael Roberson (resigned 23 March 2020)'
Gareth Griffiths (resigned 2 August 2021)

**Future developments**

Likely future developments in the Company's business are detailed in the Strategic Report.

**Research and development activities**

The Company undertakes research and development of its hydraulic products on site. These products are principally used on off highway vehicles.

**Matters covered in the strategic report**

The Company have included details of key risks and uncertainties and business review in the Strategic Report using the provisions of section 414(c) of the Companies Act 2006.

**Directors' report (continued)**
**For the year ended 31 December 2020**

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no additional significant events affecting the Company since the year end, other than those disclosed in the Strategic Report and note 27 to the financial statements.

**Auditors**

Under section 487(2) of the Companies Act 2006, PKF Smith Cooper Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 1-17-2022 and signed on its behalf.

M. Uhm P. Paul.

Director

CARLISLE BRAKE PRODUCTS (UK) LIMITED

**Independent auditors' report to the members of Carlisle Brake Products (UK) Limited**

**Opinion**

We have audited the financial statements of Carlisle Brake Products (UK) Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 31 December 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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**

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

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

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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Independent auditors' report to the members of Carlisle Brake Products (UK) Limited (continued)**

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Independent auditors' report to the members of Carlisle Brake Products (UK) Limited (continued)**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. Based on our understanding of the Company and industry, we identify the key laws and regulations affecting the Company. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We identified that the principal risk of fraud or noncompliance with laws and regulations related to:

- management bias in respect of accounting estimates and judgements made;
- management override of control;
- posting of unusual journals or transactions

We focused on those area that could give rise to a material misstatement in the Company financial statements. Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance/review of correspondence around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance where available;
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias. In particular a review of stock provisions and analytical procedures to identify any unexpected or unusual relationships that might indicate material misstatement due to fraud

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Independent auditors' report to the members of Carlisle Brake Products (UK) Limited (continued)**

**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 Auditors' 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.

PKF Smith Cooper Audit Limited

James Delve (Senior statutory auditor)
for and on behalf of
**PKF Smith Cooper Audit Limited**
Chartered Accountant
Statutory Auditors
St Helen's House
King Street
Derby
DE1 3EE
Date: 18-01-2022

**CARLISLE BRAKE PRODUCTS (UK) LIMITED**

**Statement of comprehensive income**
**For the year ended 31 December 2020**

| | Note | 2020 £ | 2019 £ |
|---|---|---|---|
| Turnover | 4 | **18,261,360** | 21,206,949 |
| Cost of sales | | **(16,184,006)** | (17,413,635) |
| **Gross profit** | | **2,077,354** | 3,793,314 |
| Administrative expenses | | **(960,825)** | (1,265,960) |
| Other operating income | 5 | **145,785** | - |
| **Operating profit** | 6 | **1,262,314** | 2,527,354 |
| Interest receivable and similar income | 10 | **-** | 7,981 |
| Interest payable and similar expenses | 11 | **(48,441)** | (43,263) |
| **Profit before tax** | | **1,213,873** | 2,492,072 |
| Tax on profit | 12 | **208,675** | (501,043) |
| **Profit for the financial year** | | **1,422,548** | 1,991,029 |

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 12 to 26 form part of these financial statements.

**CARLISLE BRAKE PRODUCTS (UK) LIMITED**
**Registered number: 05501054**

**Balance sheet**
**As at 31 December 2020**

| | Note | | 2020 £ | | 2019 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 14 | | **876,925** | | 1,061,541 |
| Tangible assets | 15 | | **3,598,173** | | 3,820,882 |
| | | | **4,475,098** | | 4,882,423 |
| **Current assets** | | | | | |
| Stocks | 16 | **3,485,944** | | 4,668,531 | |
| Debtors: amounts falling due within one year | 17 | **4,300,117** | | 4,714,711 | |
| Cash at bank and in hand | 18 | **897** | | 841 | |
| | | **7,786,958** | | 9,384,083 | |
| Creditors: amounts falling due within one year | 19 | **(3,718,232)** | | (7,005,798) | |
| **Net current assets** | | | **4,068,726** | | 2,378,285 |
| **Total assets less current liabilities** | | | **8,543,824** | | 7,260,708 |
| Creditors: amounts falling due after more than one year | 20 | | **-** | | (139,432) |
| **Net assets** | | | **8,543,824** | | 7,121,276 |
| **Capital and reserves** | | | | | |
| Called up share capital | 22 | | **3,500,000** | | 3,500,000 |
| Profit and loss account | 23 | | **5,043,824** | | 3,621,276 |
| | | | **8,543,824** | | 7,121,276 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
1-17-2022.

Matthew P Paul

Director

The notes on pages 12 to 26 form part of these financial statements.

CARLISLE BRAKE PRODUCTS (UK) LIMITED

## Statement of changes in equity
For the year ended 31 December 2020

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| **At 1 January 2019** | **8,500,000** | **3,630,247** | **12,130,247** |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 1,991,029 | 1,991,029 |
| **Total comprehensive income for the year** | - | 1,991,029 | 1,991,029 |
| Dividends: Equity capital | - | (7,000,000) | (7,000,000) |
| Restructure of share capital | - | 5,000,000 | 5,000,000 |
| Shares cancelled during the year | (5,000,000) | - | (5,000,000) |
| **Total transactions with owners** | (5,000,000) | (2,000,000) | (7,000,000) |
| **At 1 January 2020** | **3,500,000** | **3,621,276** | **7,121,276** |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 1,422,548 | 1,422,548 |
| **Total comprehensive income for the year** | - | 1,422,548 | 1,422,548 |
| **At 31 December 2020** | **3,500,000** | **5,043,824** | **8,543,824** |

The notes on pages 12 to 26 form part of these financial statements.

**Notes to the financial statements**
**For the year ended 31 December 2020**

## 1. General information

Carlisle Brake Products (UK) Limited is a private company limited by shares incorporated in the United Kingdom, under the Companies Act 2006 and is registered in England and Wales. The registered office is Omega 500 Mamhilad Technology Park, Old Abergavenny Road, Pontypool Wales, NP4 0JJ

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company has prepared its financial statements to the nearest £.

The following principal accounting policies have been applied:

### 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Carlisle Companies Incorporated as at 31st December 2020 and these financial statements may be obtained from the Company secretary at Carlisle Companies Corporate Headquarters, 16430 N, Scottsdale Road, Suite 400, Scottsdale, AZ 85254..

## 2. Accounting policies (continued)

### 2.3 Going concern

The Company was funded using a European cash pooling facility which was managed by Carlisle Acquisition I.B.V At 31 December 2020 the Company had a net payable balances of £42,165 (2019: £3.3 million) due to the treasury within the cash pooling facilities and these amounts are included within amounts due from group undertakings and amounts owed to group undertakings falling due within within one year. Subsequent to the year end, the Company changed its funding facilities following acquisition by Brws Parent and its subsidiaries (doing business as CentroMotion), as it now manages its own cash and banking facilities. On August 2, 2021, the Company's US parent company entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, providing for a secured credit facility consisting of an asset based revolving credit facility, a term loan and a delayed draw term loan facility. Certain assets of the Company, including all inventory, trade receivables and shares secure the payment of obligations under this credit facility. See note 27 for further details of post balance sheet events.

The directors believe that the Company is well placed to manage its business risks successfully for a period of at least 12 months from the date of approval of the financial statements. The impact of Covid 19 has been specifically reviewed and the directors concluded that although the impact has been significant, it does not impact upon the ability of the business to continue as usual, particularly following the lessening of restrictions. The directors have prepared financial forecasts and cashflows for the Company for a period of 12 months from the approval of the financial statements and believe that it is able to meet its liabilities as they fall due.

The directors, therefore, are confident that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of not less than 12 months from approval of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### 2.4 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

## 2. Accounting policies (continued)

### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised on despatch for contracts that transfer the risks and reward to customer at point of collection and on receipt by customers where contracts do not.

### 2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

### 2.7 Research and development

All research and development costs are written off as incurred, unless related to specific projects which can demonstrate the requisite have been met for capitalisation.

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

### 2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

### 2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

**2. Accounting policies (continued)**

**2.10 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## 2. Accounting policies (continued)

### 2.13 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | | |
|---|---|---|---|
| Goodwill | - | 20 | years |

### 2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---|---|
| Freehold property | - 4-5% Straight line |
| Plant and machinery | - 10-20% Straight line |
| Fixtures and fittings | - 10-20% Straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Freehold land and assets in the course of construction are not depreciated.No depreciation is provided on assets in the course of construction until they become available for use by the Company. Capital projects that the Company undertakes are recognised as assets under construction until the project has completed and the assets become available for use. Upon finalisation of capital projects, the assets are transferred to the appropriate asset categories and begin depreciating in line with the Company's policies.

## 2. Accounting policies (continued)

### 2.15 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

### 2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### 2.19 Creditors

Short term creditors are measured at the transaction price.

### 2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2. Accounting policies (continued)**

**2.22 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**2.23 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.24 Share appreciation rights**

The Company has issued cash settled share appreciation rights to all employees of the Company at the time of issue. The fair value is measured by use of the year end share values of the ultimate parent company which is considered to be the most appropriate method for valuation. The expected life used in the model has been adjusted , based on management's best estimate, for the effects if non-transferability, exercise restriction and behavioural consideration. A liability equal to the portion of the services received is recognised at and remeasured based on the current fair value determines at each balance sheet date for cash settled-settled share appreciation rights, with any changes in fair value recognised in the profit and loss.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts 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 directors have reviewed the estimates and assumptions used in the preparation of the financial statements and have identified key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year. These are discussed further below:

**Intangible fixed asset valuation and impairment**

The Company determines where intangible assets (including Goodwill) are impaired by estimating their value in use to the Company and comparing this to the carrying values of the assets.

**Stock inventory provisions**

The Company uses the recognisable value of inventory which have not been consumed or sold by the Company or any entity in the wider Carlisle Group for 3 years or longer as the basis for setting a stock provision. Provisions are then made against stock lines based on the length of time since last use, the category of stock item as well as management's knowledge of future anticipated use of the stock lines

**Notes to the financial statements**
**For the year ended 31 December 2020**

## 4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| United Kingdom | **2,095,504** | 2,448,700 |
| Rest of Europe | **11,230,422** | 12,902,836 |
| Rest of the world | **4,935,434** | 5,855,413 |
| | **18,261,360** | 21,206,949 |

## 5. Other operating income

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Government grants receivable- Coronavirus Job Retention Scheme | **145,785** | - |

## 6. Operating profit

The operating profit is stated after charging:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Research & development charged as an expense | **1,063,988** | 722,923 |
| Exchange differences | **(62,161)** | 10,423 |
| Other operating lease rentals | **42,622** | 45,891 |

## 7. Auditors' remuneration

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | **17,000** | 40,000 |

**Notes to the financial statements**
**For the year ended 31 December 2020**

## 8. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2020 £ | 2019 £ |
|---|---|---|
| Wages and salaries | **3,243,656** | 3,589,371 |
| Social security costs | **293,707** | 340,512 |
| Cost of defined contribution scheme | **208,911** | 239,485 |
| | **3,746,274** | 4,169,368 |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2020 No. | 2019 No. |
|---|---|---|
| Production and selling | **89** | 101 |
| Administration | **6** | 6 |
| | **95** | 107 |

## 9. Directors' remuneration

| | 2020 £ | 2019 £ |
|---|---|---|
| Directors' emoluments | **69,355** | 69,340 |
| Company contributions to defined contribution pension schemes | **29,806** | 15,807 |
| | **99,161** | 85,147 |

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

## 10. Interest receivable

| | 2020 £ | 2019 £ |
|---|---|---|
| Other interest receivable | **-** | 7,981 |

## 11. Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|---|---|---|
| Other interest payable | **48,441** | 43,263 |

**Notes to the financial statements**
**For the year ended 31 December 2020**

## 12. Taxation

| | 2020 £ | 2019 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | - | 491,321 |
| Adjustments in respect of previous periods | (168,366) | (10,422) |
| | (168,366) | 480,899 |
| **Total current tax** | (168,366) | 480,899 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | (92,437) | 22,514 |
| Changes to tax rates | 5,340 | (2,370) |
| Adjustments in respect of previous periods | 46,788 | - |
| **Total deferred tax** | (40,309) | 20,144 |
| **Taxation on (loss)/profit on ordinary activities** | (208,675) | 501,043 |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

| | 2020 £ | 2019 £ |
|---|---|---|
| Profit on ordinary activities before tax | 1,213,873 | 2,492,072 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | 230,636 | 473,493 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 51,846 | 40,342 |
| Tax rate changes | 5,340 | (2,370) |
| Adjustments to tax charge in respect of prior periods | (121,578) | (10,422) |
| Group relief | (374,919) | - |
| **Total tax charge for the year** | (208,675) | 501,043 |

**Factors that may affect future tax charges**

The corporation tax rate is set to increase from 19% to 23% in April 2023.

**Notes to the financial statements**
**For the year ended 31 December 2020**

## 13. Dividends

| | 2020 £ | 2019 £ |
|---|---|---|
| Dividends paid | - | 7,000,000 |

## 14. Intangible assets

| | Patents £ | Goodwill £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2020 | 452,162 | 3,692,322 | 4,144,484 |
| At 31 December 2020 | 452,162 | 3,692,322 | 4,144,484 |
| **Amortisation** | | | |
| At 1 January 2020 | 452,162 | 2,630,781 | 3,082,943 |
| Charge for the year on owned assets | - | 184,616 | 184,616 |
| At 31 December 2020 | 452,162 | 2,815,397 | 3,267,559 |
| **Net book value** | | | |
| At 31 December 2020 | - | 876,925 | 876,925 |
| At 31 December 2019 | - | 1,061,541 | 1,061,541 |

**Notes to the financial statements**
**For the year ended 31 December 2020**

## 15. Tangible fixed assets

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ | Assets in the course of construction £ | Total £ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2020 | **3,279,564** | **7,258,437** | **308,495** | **-** | **10,846,496** |
| Additions | **7,388** | **130,710** | **22,205** | **311,029** | **471,332** |
| At 31 December 2020 | **3,286,952** | **7,389,147** | **330,700** | **311,029** | **11,317,828** |
| **Depreciation** | | | | | |
| At 1 January 2020 | **1,500,031** | **5,230,558** | **295,025** | **-** | **7,025,614** |
| Charge for the year on owned assets | **129,828** | **457,258** | **5,346** | **-** | **592,432** |
| Impairment charge | **-** | **101,609** | **-** | **-** | **101,609** |
| At 31 December 2020 | **1,629,859** | **5,789,425** | **300,371** | **-** | **7,719,655** |
| **Net book value** | | | | | |
| At 31 December 2020 | **1,657,093** | **1,599,722** | **30,329** | **311,029** | **3,598,173** |
| At 31 December 2019 | 1,779,533 | 2,027,879 | 13,470 | - | 3,820,882 |

## 16. Stocks

| | 2020 £ | 2019 £ |
|---|---|---|
| Raw materials and consumables | **1,323,239** | 1,719,430 |
| Work in progress (goods to be sold) | **257,177** | 298,927 |
| Finished goods and goods for resale | **1,905,528** | 2,650,174 |
| | **3,485,944** | 4,668,531 |

The carrying value of stocks are stated net of impairment losses totalling £1,285,636 (2019:£930,130) . Impairment losses totalling £355,506 were recognised in profit and loss.

## 17. Debtors

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade debtors | **2,838,497** | 2,659,759 |
| Amounts owed by group undertakings | **832,309** | 1,526,836 |
| Other debtors | **511,717** | 394,238 |
| Prepayments and accrued income | **75,887** | 132,480 |
| Deferred taxation | **41,707** | 1,398 |
| | **4,300,117** | 4,714,711 |

Amounts owed by group undertakings are unsecured and repayable on demand.

## 18. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|---|---|---|
| Cash at bank and in hand | **897** | 841 |

## 19. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade creditors | **1,629,904** | 1,341,902 |
| Amounts owed to group undertakings | **1,068,463** | 5,031,600 |
| Corporation tax | - | 146,523 |
| Other taxation and social security | **85,637** | 95,494 |
| Other creditors | **202,128** | - |
| Accruals and deferred income | **732,100** | 390,279 |
| | **3,718,232** | 7,005,798 |

Amounts owed to group undertakings are unsecured and repayable on demand.

## 20. Creditors: Amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|---|---|---|
| Other creditors | - | 139,432 |

**Notes to the financial statements**
**For the year ended 31 December 2020**

## 21. Deferred taxation

| | 2020 |
|---|---|
| | £ |
| At beginning of year | 1,398 |
| Credited to profit or loss | 40,309 |
| **At end of year** | **41,707** |

The deferred tax asset is made up as follows:

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Accelerated capital allowances | (151,193) | (32,929) |
| Short term timing differences | 192,900 | 34,327 |
| | 41,707 | 1,398 |

The net reversal of deferred tax expected is not considered to be material.

## 22. Share capital

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| **Allotted, called up and fully paid** | | |
| 3,500,000 (2019 - 3,500,000) Ordinary £1 shares shares of £1.00 each | 3,500,000 | 3,500,000 |

## 23. Reserves

**Profit and loss account**

Represents the cumulative retained profits and losses and is distributable.

## 24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £207,426(2019 - £239,486). Contributions totalling £54,866 (2019 - £NIL) were payable to the fund at the balance sheet date and are included in creditors.

## 25. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|---|---|---|
| Not later than 1 year | **40,252** | 40,210 |
| Later than 1 year and not later than 5 years | **31,473** | 54,867 |
| | **71,725** | 95,077 |

## 26. Related party transactions

The Company has taken advantage of the exemption available within FRS102 to not disclose details of transactions between itself and it's fellow group undertakings on the basis that it is a subsidiary where 100% of the voting rights are controlled within the Group whose consolidated financial statements are publically available.

## 27. Post balance sheet events

Subsequent to the year end, the Company was acquired by Brws Parent and its subsidiaries (doing business as CentroMotion) , as part of the disposal of the Carlisle Brakes & Friction Division by Carlisle Companies Inc on 2 August 2021. The Company's US parent company entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, providing for a secured credit facility consisting of an asset based revolving credit facility, a term loan and a delayed draw term loan facility. Certain assets of the Company, including all inventory, trade receivables and shares secure the payment of obligations under this credit facility Brws Parent's ultimate beneficial owner is One Rock Capital Partners LLC, a private equity firm based in the United States.

## 28. Controlling party

At the year end, the Company's immediate parent undertaking was Carlisle Global II Limited, which is incorporated in the United Kingdom.

At the year end, the ultimate parent company was Carlisle Companies Incorporated, which is incorporated in the USA. This company heads the largest and smallest group in which the Company's results are consolidated. Copies of the financial statements of Carlisle Companies Incorporated may be obtained from the Company website.

Subsequent to the year end, the Company was acquired by Brws Parent and its subsidiaries (doing business as CentroMotion) as part of the disposal of the Carlisle Brakes & Friction Division by Carlisle Companies Inc on 2 August 2021. Brws Parent's ultimate beneficial owner is One Rock Capital Partners LLC, a private equity firm based in the United States.