

Registered number: 00095908

Bekaert Bradford UK Limited

Annual report and financial statements

for the year ended 31 December 2020



Bekaert Bradford UK Limited

Annual report and financial statements 2020

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Bekaert Bradford UK Limited

Annual report and financial statements 2020

Officers and professional advisers

Directors

J Boelens

B Simo

Company Secretary

C Cotton

Registered office

Bekaert Bradford UK Limited
Park House Road
Low Moor
Bradford
West Yorkshire
BD12 0QB

Bankers

HSBC plc
14 Bradford Road
Cleckheaton
West Yorkshire
BD19 3JR

Auditor

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
United Kingdom
LS1 2AL

Bekaert Bradford UK Limited

Strategic Report

The directors present their Strategic Report on the affairs of the company for the year ended 31 December 2020. The directors in preparing this Strategic Report have complied with s414c of the Companies Act 2006.

Principal activities and review of the business

The principal activity of the company is the manufacture of profile wire. The business also incorporates the activities of the sales office for the resale of wire building products.

In 2020 the company has continued to generate cash within the business mainly due to Building Products customers paying into the local bank account rather than the group treasury account. Bank balance end of 2020 £0.6m (2019:£0.8).

In 2019 the Oil & Gas market demonstrated a slow recovery from the crisis of the years before. Majority of Bekaert Bradford UK Ltd's customer base took advantage of this recovery and increased its overall market share. Due to this, better commercial deals could be concluded with the customers. This led to a higher and continuous flow of orders throughout the year and into the first half of 2020, with a monthly volume that was stable and above the break-even point. A sudden slow down in the market in August as customer projects were being pushed back into 2021 suppressed demand for the latter part of the year, however production volumes remained stable in order to fulfil firm demand in the first month of 2021 allowing the business to maintain its profitability. The impact was positive with normal trading revenues increasing from £20.7m in 2019 to £21.1m in 2020 and an overall movement to a profit of £1.6m after taxation in 2020 from a profit of £1.1m in 2019. The total revenue movement was from £23m in 2019 to £21.2m in 2020, this included the sales of raw material for Bekart Bridon Ropes Group in the first quarter of 2019 (£2.2m).

A dividend was not proposed and the company did not pay any dividend for 2020 (2019: £nil). A dividend was not proposed post year end.

The bulk of the investment in Flexpipe manufacturing was made during 2018, however work was still ongoing in 2019 to bring the additional production line into use. The time taken to bring the line into recognised production took longer than planned and was finally commissioned and fully operational in January 2020.

Key performance indicators

The company endeavours to minimise its process material scrap. The amount of scrap recorded in the year amounted to 8.4% of material put into production (2019: 11.3%). Projects focusing on scrap reduction throughout helped reduce the rate. The product mix also affected the level of scrap produced.

The company targets to maximise its sales volume within the constraints of its manufacturing capacity. Demand in the final quarter of the year was suppressed as mentioned above, with the result that Flexpipe volume achieved sales of 9,640 tons (2019: 9,150 tons).

The company endeavours to minimise its working capital. At the end of the year, net working capital requirement was £1,438,506 (2019: £2,652,268). Working capital is defined as stock plus trade debtors less trade creditors including trade balances in group undertakings. The low sales demand at year end resulted in lower trade receivables.

Bekaert Bradford UK Limited

Strategic Report

Principle risks and uncertainties

Brexit

The company has reviewed the potential effect of Brexit, and in particular at the transition period and has taken steps to limit the delays that may take place to imports at the border in respect of Building Products material. The company considers that the nature of its business in other areas makes the impact limited in nature due to the majority of the customer base being within the United Kingdom or outside the EU.

Credit risk

The company's principal financial assets are cash at bank, cash in hand and debtors.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company obtains credit insurance cover for all its customers.

Liquidity risk

The company has recourse to the group treasury function in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments.

Treasury

The company's treasury function operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise borrowings, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The company has access to forward foreign currency contracts to manage the currency rate risks arising from the company's operations. The company does not use interest rate swaps to manage the interest rate risks arising from the company's operations.

Covid-19

As stated in the Directors report (Page 6) the impact of the COVID-19 pandemic has been deemed limited. Whilst the current economic climate remains uncertain, forecasts for the foreseeable future show a reasonable expectation that Bekaert Bradford UK Limited have adequate resources to maintain operational existence.

Future developments

The long-term outlook for the business is positive. The restructuring of the labour base which is now designed to adapt well to fluctuating demands, together with the new lean manufacturing introduced in 2019 carried on into 2020 has enabled the business to take advantage of the upturn in the oil and gas market. Whilst there is still uncertainty in the gas & oil markets our customers have won some significant projects which will carry through 2021 and into 2022. The expectation is that the company will continue to return a profit in 2021.

At the time of approval of these financial statements, the COVID-19 pandemic continues to present uncertainty and risk with respect to the performance of the Company and the related financial results. The rapid development and fluidity of the situation makes any prediction about the ultimate impact of COVID-19 on the business challenging.

Commercial feedback has indicated that the large current projects typical in this business have not been delayed nor impacted by the Coronavirus outbreak in any way. However new projects within the market not yet started have been held back into 2021 and orders relating to these are now starting to filter through with a view of improving on previous forecasts.

A going concern assessment on the business has been made by the directors as part of the director's report on page 6.

Bekaert Bradford UK Limited

Strategic Report

Section 172(1) statement

The directors have the duty to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment. The directors focus on engagement with all stakeholders and use this when taking decisions.

Long-term factors

The Company's strategy is to grow its business portfolio through maintaining and increasing its customer base. To achieve these objectives, the directors remain committed to the 5 year plan developed in 2020, focusing on core products, new and emerging markets as well as streamlining overheads and promoting efficiency improvements across the business to drive down costs.

Stakeholder considerations

Engaging stakeholders and developing meaningful partnerships is essential for our long-term business success. The company engages in regular, open and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns and needs. In this way, the Company is able to integrate stakeholder considerations into the business decision making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of our work and our services for society.

Key stakeholders contribute to our economic, social and environmental performance. Stakeholders include our customers, suppliers, employees, investors and our local communities. The Company's strategy and business model are underpinned by its employee. The environment also provides open communication throughout the Company at all times and an open door for new ideas and ways of working. Employees are further updated on Company matters through internal communications, newsletters and face to face meetings. Key to our strong, lasting business relationships is trust, built from offering quality and reliability of service and investing in long term partnerships. Notwithstanding, the Company carries out rigorous, risk based Know Your Customer (KYC) procedures on its partners and counterparts, and monitor these on an ongoing basis, as appropriate.

The Company is very conscious of changing attitudes to climate change and monitors its impact on the environment, including emissions arising from operation of its assets and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the Board in making decisions and in assessing the long term viability of the business.

Act fairly between members

The company has a single shareholder and a single ultimate controlling party. Their interests are taken into account by the board to promote fairness in decision making.

Approved by the Board of Directors and signed on behalf of the Board


J. Boelens
Director

17 August 2021

Bekaert Bradford UK Limited

Directors' report

The directors present their Directors' Report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2020.

The company's principal activities, results and dividends, key performance indicators, future developments, principal risk and uncertainties and financial risk management objectives are presented in the Strategic Report on page 2 and 3.

Employees

Disabled employees

Applications for employment by disabled employees are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that the training career development and promotion of disabled persons should, as far as possible be identical to that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees by holding regular briefing meetings on the various factors affecting the performance of the company.

Employee Involvement

The Company has developed a wide range of voluntary practices and procedures for employee involvement and regularly consults them or their representatives for views on matters affecting them. The Company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing and the economic factors affecting the performance of the individual business in which the employee works.

It is company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

Post Balance Sheet Events

At time of signing there are no post balance sheet events to report.

Going concern

Management have performed a detailed review of the going concern assumption for Bekaert Bradford UK Ltd including the impact of COVID-19. As stated within the strategic report the impact of the COVID-19 pandemic is considered limited for now due to the fact that the facilities have been granted essential business status. The directors currently believe that they have adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this report.

The directors are continuing to follow the implemented strategy to improve the performance of the business and have prepared forecasts for the next 12 months based upon this. Taking into account the forecast trading, available facilities, relevant uncertainties in the outturn, expected cash generating capacity the directors consider that the company has available funding to leave Bekaert Bradford UK Ltd well placed to manage business risks and any trading difficulties. The directors have considered the going concern assumption given the current uncertain economic climate and have reviewed the forecasts for the foreseeable future.

After making enquiries and considering the above facts the directors have a reasonable expectation that Bekaert Bradford UK Ltd have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Further details are given in note 1 to the financial statements.

Bekaert Bradford UK Limited

Directors' report

The directors who served during the year and to date, except where stated otherwise were as follows:

J Boelens

B Simo

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term, and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



J Boelens
Director

17 August 2021

Bekaert Bradford UK Limited

Directors' responsibilities statement

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), including FRS102 "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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Bekaert Bradford UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bekaert Bradford UK Limited (the 'company'):

- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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).

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 Financial Reporting Council's (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

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

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

We have nothing to report in this regard.

Independent auditor's report to the members of Bekaert Bradford UK Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud in revenue recognition which is related to the occurrence of revenue. To address this risk we tested a sample of sales orders to dispatch notes and sales invoices to assess whether they had been appropriately recorded in revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Independent auditor's report to the members of Bekaert Bradford UK Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reviewing minutes of meetings of those charged with governance and any correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Sarah Anderson

Sarah Anderson, ACCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

17 August 2021

Bekaert Bradford UK Limited

Profit and loss account For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	21,227,639	22,966,936
Cost of sales	4	(18,567,813)	(20,641,793)
Gross profit		2,659,826	2,325,143
Distribution costs		(642,222)	(573,059)
Administrative expenses		(338,775)	(355,869)
Other Income		186,462	-
Restructuring costs	6	(149,623)	(143,727)
Operating profit/(loss)		1,715,668	1,252,488
Finance Costs	7	(32,102)	(95,890)
Profit before taxation	5	1,683,566	1,156,598
Taxation on profit	8	(21,081)	(55,216)
Profit for the financial year, attributable to the owners of the company		1,662,485	1,101,382

The results above arise from continuing operations.

There were no items of income or expenditure for the current year or prior year other than those included in the profit and loss account. Therefore no statement of comprehensive income has been presented.

The accompanying notes form an integral part of this profit and loss account.

Bekaert Bradford UK Limited

Balance sheet As at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	10	6,791,048	7,003,500
Investments	11	-	-
		<u>6,791,048</u>	<u>7,003,500</u>
Current assets			
Stocks	12	4,096,749	2,760,771
Debtors	13	3,007,692	4,750,823
Cash at bank and in hand		631,767	788,931
		<u>7,736,208</u>	<u>8,300,525</u>
Creditors: amounts falling due within one year	14	<u>(6,758,091)</u>	<u>(9,193,411)</u>
Net current Assets/ (liabilities)		<u>978,117</u>	<u>(892,887)</u>
Total assets less current liabilities		<u>7,769,165</u>	<u>6,110,613</u>
Provision for liabilities	15	<u>(512,930)</u>	<u>(516,864)</u>
Net assets		<u>7,256,235</u>	<u>5,593,749</u>
Capital and reserves			
Called up share capital	16	2,095,271	2,095,271
Profit and loss account		5,160,964	3,498,478
Total shareholder's funds		<u>7,256,235</u>	<u>5,593,749</u>

The financial statements of Bekaert Bradford UK Limited, registered number 95908 were approved by the Board of Directors and authorised for issue on 17 August 2021.

Signed on behalf of the Board of Directors



J Boelens
Director

The accompanying notes are an integral part of this balance sheet.

Bekaert Bradford UK Limited

Statement of changes in equity As at 31 December 2020

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2019	2,095,271	2,397,096	4,492,367
Total comprehensive profit for the year	-	1,101,382	1,101,382
At 31 December 2019	2,095,271	3,498,478	5,593,749
Total comprehensive profit for the year	-	1,662,486	1,662,486
At 31 December 2020	2,095,271	5,160,964	7,256,235

Bekaert Bradford UK Limited

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

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General Information and basis of accounting

Bekaert Bradford UK Limited is a private company incorporated in the United Kingdom registered in England and Wales under the Companies Act 2006, and is limited by shares. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Bekaert Bradford UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Bekaert Bradford UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Bekaert Bradford UK Limited is consolidated in the financial statements of its parent, NV Bekaert SA, which may be obtained at NV Bekaert SA, Bekaertstraat 2, 8550 Zwevegem, Belgium, its registered office. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related parties transactions and consolidation of subsidiary investments.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report further describes the financial position of the Company; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

After considering all relevant uncertainties, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the signing date. This assessment is made on the basis of continued support being received in the form of a written guarantee from the parent company to defer any outstanding amounts due to them over the next 12 months from date of signing. Thus the company continues to adopt the going concern basis of accounting in preparing the annual financial statements. An assessment has been made by the Directors with particular focus on the COVID-19 impact on the Bekaert Bradford UK Limited and Bekaert as a whole as part of the Directors report on page 6.

Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts as delivered to customers in the normal course of business. Revenue is recognised when the significant risks and rewards are considered to have been transferred to the buyer, either on delivery to customer site or FCA incoterms.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Short leasehold land and buildings	Over the remaining period of the lease
Plant and machinery	8 – 25%

Assets under construction are not depreciated until they are in working condition for intended use.

Bekaert Bradford UK Limited

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

1. Accounting policies (continued)

Investments

Investments are stated at cost less provisions for any impairment.

Operating leases

Rental under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of first in, first out cost, including production overheads, and net realisable value. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Where necessary, provision is made for obsolete or slow moving stock.

Taxation

Current tax including UK corporation tax and foreign tax, is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Accordingly deferred tax balances have been revalued to the lower rate of 19% in these financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currency are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life, initially estimated at twenty years. Provision is made for any impairment as necessary.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Bekaert Bradford UK Limited

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

1. Accounting policies (continued)

Pension costs

For defined contribution scheme the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

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

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Bekaert Bradford UK Limited

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

1. Accounting policies (continued)

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Capital Commitments

The company has no financial commitments (i.e. a contractual requirement to make a cash payment in the future) at the end of the year. See note 17.

Interest receivable and payable

Interest receivable and payable is recognised in the period in which it occurs.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgement – stock valuation

The directors determine whether stock values are recoverable at the balance sheet date. This process requires an assessment of the expected future sales or consumption compared to the stock values at the balance sheet date. Stock provisions are made where deemed necessary, leaving a net value which is considered to be recoverable. As a result of this assessment the directors included a stock obsolescence provision of £126k.

Key source of estimation uncertainty – provision for fixed assets

There is an assessment of the impairment of fixed assets at each balance sheet date (see note 10). This process depends on the preparation of estimates of future cash flows which are expected to be generated in the company. The company has also conducted sensitivity analysis to the projections and whilst some uncertainty exists over the rate of recovery, the directors have concluded that the value in use of fixed assets is significantly in excess of the carrying value.

Bekaert Bradford UK Limited

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

3. Turnover

An analysis of the Company's turnover by class of business is set out below:

	2020 £	2019 £
Turnover		
Steel Wire Solutions	18,330,492	18,018,065
Building Products	2,731,608	2,655,049
BBRG	-	2,157,891
Others	165,539	135,931
	<u>21,227,639</u>	<u>22,966,936</u>

An analysis of the Company's turnover by geographical market is set out below:

	2020 £	2019 £
United Kingdom	16,051,706	16,404,358
Rest of Europe	609,905	1,334,533
Rest of world	4,566,028	5,228,045
	<u>21,227,639</u>	<u>22,966,936</u>

4. Cost of sales

The impact of the cost of wire rod purchased on behalf of BBRG is included in Cost of Sales and amounted to £nil in the year (2019: £2,157,891), with the corresponding revenue seen within note 3.

Bekaert Bradford UK Limited

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

5. Profit/(loss) before taxation

	2020 £	2019 £
Profit before taxation is stated after charging:		
Depreciation of tangible fixed assets		
Owned assets	952,556	752,975
Operating lease rentals	200,938	212,336
- plant and machinery		
- land and buildings	378,741	375,566
Foreign exchange loss	34,950	1,248

Analysis of auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual financial statements	25,000	25,000
Total audit fees	25,000	25,000
Tax compliance services	2,667	2,667
Total non-audit fees	2,667	2,667

6. Information regarding directors and employees

It is not practical to allocate the remuneration of the directors between the group entities and therefore no emoluments were received by the directors (2019: £nil) in respect of their services as director of the company.

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	4,155,783	3,454,737
Redundancy costs	149,623	143,727
Social security costs	442,872	364,364
Other pension costs	191,303	155,644
	4,939,581	4,118,472

Redundancy costs are on the face of the profit and loss account under the title of 'Restructuring Costs' in 2020. As explained in the Strategic Report these costs occurred as a result of the company taking action to reduce its ongoing cost base in order to remain competitive in response to the continued pressures in the economic environment. The size of the adjustment is viewed to have a similar material impact on the financial performance of the business in 2020 hence the separate presentation.

Bekaert Bradford UK Limited

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

6. Information regarding directors and employees (continued)

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

	2020	2019
Production	99	79
Selling and distribution	7	7
Administration	6	5
	<u>112</u>	<u>91</u>

7. Finance Costs

	2020 £	2019 £
Interest receivable from group companies	-	1
Interest payable to group companies	(321,002)	(95,889)
	<u>(32,102)</u>	<u>(95,890)</u>

Bekaert Bradford UK Limited

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

8. Taxation

Analysis of charge in year

	2020 £	2019 £
UK corporation tax		
Total current tax	17,803	-
Origination and reversal of timing differences	(16,177)	55,216
Adjustments in respect of previous periods	(36,241)	-
Effects of tax rate change	55,695	-
Total tax charge	21,080	55,216

Factors affecting the tax

The tax assessed for the year is lower (2019: higher) than that resulting from applying the average standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit before tax	1,683,566	1,156,598
Profit multiplied by the average standard rate of corporation tax of 19% (2019: 19%)	319,878	219,754
Effects of:		
Expenses not deductible for tax purposes	9,282	1,900
Income not Taxable	(35,428)	-
Short term timing differences	-	34,972
Adjustment from previous periods	(18,438)	-
Effect of tax rate change	55,695	-
Deferred Taxes not Recognised	(309,909)	(201,410)
Tax charge	21,080	55,216

Change in Corporation Tax rate

A current tax rate of 19% has been applied within the current tax calculations (2019: 19%). The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% would not occur and the corporation tax rate would be held at 19%. As the substantive enactment was after the balance sheet date, deferred tax balances as at 31 December 2020 are measured at a rate of approximately 19%.

A further announcement was made by the Chancellor on 3 March 2021 to increase the main rate of corporation tax to 25% from April 2023.

There is no expiry date on timing differences, unused tax losses or tax credits.

Bekaert Bradford UK Limited

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

9. Goodwill

	£
Cost	
At 1 January 2020 and 31 December 2020	6,647,850
Amortisation	
At 1 January 2020 and 31 December 2020	6,647,850
Net book amount	
At 31 December 2020 and 31 December 2019	-

10. Tangible assets

	Short leasehold land and buildings £	Plant and machinery £	Assets under construction £	Total £
Cost				
At 1 January 2020	1,091,953	7,970,800	3,362,533	12,425,287
Additions	-	-	740,103	740,103
Transfers	-	3,728,008	(3,728,008)	-
At 31 December 2020	1,091,953	11,698,808	374,628	13,165,389
Accumulated depreciation				
At 1 January 2020	895,904	4,525,882	-	5,421,786
Charge for the year	22,114	930,441	-	952,555
At 31 December 2020	918,018	5,456,323	-	6,374,341
Net book amount				
At 31 December 2020	173,935	6,242,485	374,628	6,791,048
At 31 December 2019	196,049	3,444,918	3,362,533	7,003,500

The company tests tangible assets annually for impairment, or more frequently if there are indications that the balance might be impaired.

The recoverable amounts have been determined based on a value-in-use calculation, which uses cash flow projections based on financial budgets approved by the directors covering a 5 year period, then extrapolated into perpetuity. These budgets have been adjusted for specific risk factors that take into account sensitivities of the projection. A discount rate of 9.15% per annum has been applied to these cash flows, being an estimation of current market risks and the time value of money. Following this sensitivity analysis, the directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause any of the carrying amounts to exceed the relevant recoverable amount.

Bekaert Bradford UK Limited

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

11. Investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2020 and 31 December 2020	265,205
Provision for impairment	
At 1 January 2020 and 31 December 2020	265,205
Net book amount	
At 31 December 2020 and 31 December 2020	-

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

	Class of share capital held	Proportion of share capital held	Nature of business
Netlon Sentinel Limited	Ordinary £1 shares	50%	Dormant
Rylands-Whitecross Limited	Ordinary £1 shares	100%	Dormant
Twil Company	Ordinary £1 shares	100%	Dormant

The investment in all three companies had already been fully written-off as at 1 January 2020.

All above mentioned entities are incorporated in England and Wales and held directly by Bekaert Bradford UK Limited. The registered office of Twil Company and Rylands-Whitecross Ltd is Park House Road, Low Moor, Bradford, West Yorkshire, BD12 0PX. The registered office of Netlon Sentinel Ltd is Units 2-4 Cunningham Court, Shadsworth Business Park, Blackburn, Lancashire. BB1 2QX.

12. Stocks

	2020 £	2019 £
Raw materials	365,690	181,567
Work-in-progress	384,632	431,113
Finished goods	2,933,444	1,571,688
Maintenance Spares	412,983	576,403
	<u>4,096,749</u>	<u>2,760,771</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

The introduction of new systems allowed the creation of a spare parts stock 3 years ago for certain spares. The value has increased consistently over recent years, as the business has expanded its production lines and as such more spares are held to meet the ongoing needs of the business on its respective production lines. Stocklines have been reviewed in 2020 and provisions made for slow moving items.

Bekaert Bradford UK Limited

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

13. Debtors

	2020	2019
	£	£
Due within one year		
Trade debtors	2,074,544	4,077,266
Amounts owed by group companies - Other	557,672	269,859
Corporation tax	172,176	96,279
Other Debtors	203,300	307,419
	<u>3,007,692</u>	<u>4,750,823</u>

Amounts owed by group companies are interest free and repayable on end of month 90 day payment terms.

14. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	3,581,464	3,913,290
Amount owed to group undertakings (trading)	1,708,996	542,338
Amount owed to group undertakings (loan)	858,666	3,711,298
Other taxes and social security	280,714	753,207
Corporation Tax	12,918	12,918
Other creditors and accruals	315,333	260,360
	<u>6,758,091</u>	<u>9,193,411</u>

Amount owed to group undertakings (trading) includes trade creditors, which are repayable on end of month 90 day payment terms. Amount owed to group undertakings (loan) relates to a current account balance. The current account balance has no set repayment date and attracts interest at the interbank deposit rate plus 0.75%. The loan is re-payable upon demand.

Bekaert Bradford UK Limited

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

15. Provision for liabilities

	Restructuring costs £	Deferred taxation £	Total £
At 1 January 2020	7,212	509,652	516,864
Charged to the profit and loss account	-	3,278	3,278
Utilisation of provision	(7,212)	-	(7,212)
At 31 December 2020	-	512,930	512,930

The deferred taxation relates to accelerated capital allowances. At the end of the current and previous year the company had no unprovided deferred tax liabilities. At the year end the company had capital losses available for carry forward of £9,772,428 (2019: £9,772,428), a deferred tax asset has not been recognised.

At the year end the company had trading losses available to carry forward against future trading profits of £608,457 (2019: £883,343), a deferred tax asset has not been recognised, due to the uncertainty over the expected taxable profits of the business.

Restructuring costs were incurred during the year. These were for employees leaving the business in the year that were working at the start of the year. The total amount of these costs recognised in the P&L were £149,623 and were in paid in the year. Hence, these have not been included in the reconciliation above. There are no plans to restructure in 2021.

16. Called up share capital

	Authorised, allotted, called up and fully paid Ordinary shares £1 shares	
	No.	£
At 1 January 2020 and 31 December 2020	2,095,271	2,095,271

17. Financial commitments

The company had capital commitments amounting to £nil as at 31 December 2020 (2019: £nil).

At 31 December 2020 the company has commitments under non-cancellable operating leases as set out below.

Bekaert Bradford UK Limited

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

17. Financial commitments (continued)

	2020 £	2019 £
Operating leases which expire:		
Assets other than land and buildings		
Within 1 year	40,287	52,598
Within 2 to 5 years	54,450	47,919
	<hr/> 94,737	<hr/> 100,517
Land and buildings		
Within 1 year	378,640	378,640
Within 2 to 5 years	189,320	567,960
	<hr/> 567,960	<hr/> 946,600
	<hr/> <hr/> 662,697	<hr/> <hr/> 1,047,117

Other Assets relates to the operating lease commitments for company cars.

18. Related party transactions

In accordance with paragraph 1.12 of FRS 102 "Related Party Disclosures" transactions with other group undertakings within, and investee related parties of, the NV Bekaert SA Group have not been disclosed in these financial statements. There have been no transactions with directors.

19. Employee benefits

Defined contribution schemes:

The company contributes to a number of defined contribution schemes. The assets of these schemes are held separately from those of the company in independently administered funds. Contributions paid to the scheme amounted to £191,303 (2019: £155,644).

Unpaid contributions included within other creditors at the balance sheet were £25,001 (2019: £24,584).

20. Parent undertaking

The immediate and ultimate parent company, and ultimate controlling party of the group of undertakings for which largest and smallest group financial statements are drawn up and of which the company is a member, is NV Bekaert SA, a company incorporated in Belgium. Copies of NV Bekaert SA financial statements can be obtained from NV Bekaert SA, Corporate Communications, Bekaertstraat 2, 8550 Zwevegem, Belgium, its registered office.

21. Subsequent events

There are no subsequent events to disclose.