

Registered number: 11089708

BRENCHAM (1988) LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

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BRENCHAM (1988) LIMITED

COMPANY INFORMATION

Directors	C.R.W. Franks C.G. Merrell M.S. Jacobs T.A. Hartland Mackie
Company number	11089708
Registered office	48b Pipers Road Park Farm Industrial Estate Redditch United Kingdom B98 0HU
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

BRENCHAM (1988) LIMITED

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BRENCHAM (1988) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2020

Business review

The turnover of the Group decreased by £2.2m or 6.0% during the year from £37.2m in 2019 to £35.0m in 2020.

The operating profit decreased from £7.8m in 2019 to £5.6m in 2020. Net interest paid during the year of £202k resulted in a profit before tax of £5.4m compared with £7.7m in 2019.

The Group has a balance sheet with net current assets of £12.5m in 2020 compared with £15.0m in 2019 and net assets of £11.2m in 2020 compared with £6.8m in 2019.

Overall, the directors consider the results of the year to be satisfactory.

Principal risks and uncertainties

The Group is subject to exchange rate risk as a result of its operations and seeks to minimise this by forward purchase of foreign currencies as required.

The Group is also exposed to commodity price risk, which it manages through controlled purchasing strategies.

The Group was exposed to the effect of the Covid-19 global pandemic, both from customers requiring significantly lower quantities of goods and from the potential consequences of suppliers no longer being able to continue to supply the required quantities of products due to global shortages. This was managed by regular contact with major customers and suppliers, so that appropriate levels of staff could be maintained to enable the business to continue in the best possible way.

Financial key performance indicators

The key performance indicators in the Group are turnover and profitability. Along with debtor days and the number of stock turns these indicators are used to help the directors monitor the performance of the business.

Trade and intercompany debtors have increased by £2.5m to £7.6m during 2020 and the number of debtor days has increased to 78.8 days in 2020 from 49.9 days in 2019. Closing stock has increased by £0.3m to £7.4m. The number of stock turns has stayed constant in the year at 2.1 turns.

Other key performance indicators

The average number of employees of the Group has decreased to 252 in 2020 from 265 in 2019. The directors recognise that employees are a key factor in the strength of the Group and would like to thank them for their continued efforts during the year.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, clients, joint arrangement partners and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

BRENCHAM (1988) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are the people who work for us, our customers and those in the supply chain with whom we engage, our owners, regulatory bodies and those that live in the societies within which we operate. The Directors recognise that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way. We are committed to doing business responsibly and thinking for the long term.

The Directors regularly receive reports from management on issues concerning customers, the environment, suppliers, employees and other stakeholders which it takes into account in its discussions and in its decision-making process under section 172.

Employees

Directors receive monthly updates on various staff metrics. The Directors are committed to promoting a healthy workforce with focus on mental health and wellbeing, developing a culture of inclusion, ensuring training and development opportunities are provided and keeping staff informed of key issues through our communications network. We look to attract and retain staff via our recruitment and development strategies.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that 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.

Customers

The directors and senior management commit considerable time, effort and resources into understanding and responding to the needs of our customers with a view to fostering long term mutually beneficial partnerships.

Suppliers

We have consistent standards and procedures for the onboarding and use of external suppliers. We require suppliers to meet our compliance and financial stability requirements, as well as to meet our requirements around health and safety where appropriate. Payment on time is of paramount importance and we seek to adhere to all applicable payment terms.

Community and the environment

We continue to embed community and volunteering within our business, supporting local communities and larger charities.

The Company fully recognises the importance of its environmental responsibilities, monitors and controls its impact on the environment and implements policies aimed at reducing any damage that might be caused by the Group's activities.

BRENCHAM (1988) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

Energy and carbon emissions

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions

Current reporting year (May 2019 – April 2020)

Total energy use covering electricity, gas, other fuel and transport	4,120,531	kWh
Total emissions generated through combustion of gas	278.54	tCO ₂ e
Total emissions generated through combustion of other fuel	7.82	tCO ₂ e
Total emissions generated through use of purchased electricity	537.17	tCO ₂ e
Total emissions generated through business travel	126.45	tCO ₂ e
Total gross emissions	949.98	tCO ₂ e
Intensity ratio (total gross emissions)	5.41	kgCO ₂ e per sqft

Energy efficiency actions

We are committed to responsible energy management and will practise energy efficiency throughout our organisation, wherever it's cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We keep a tight control on energy costs and have implemented many energy efficiencies over the last few years. Our sites have smart meters installed and we have completed a full LED replacement program. In the last 2 years we have completely replaced the roofing in our manufacturing site with more energy efficient roofing material.

There have been no specific policies implemented for the purpose of increasing our businesses energy efficiency in the relevant SECR financial year other than the continued rollout of LED lighting where necessary.

Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency 28/10/2019) used in conjunction with Government GHG reporting conversion factors.

BRENCHAM (1988) LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2020**

Going concern

As detailed above and in note 2, the directors have reviewed financial forecasts and considered the general economic position of the electrical contracting, building & construction sectors. This review included consideration of the impact of Covid-19 on the Group's overall business, including the potential impact to its employees. The Group has also closely monitored the potential impact to key suppliers to ensure business continuity and to minimize any negative impact to employees and customers. Whilst the Group initially experienced a significant downturn in trading following the UK lockdown in March 2020, turnover has gradually increased and is expected to continue to do so for the remainder of the 2020/21 financial year. The directors consider that the Group will be profitable and be in a position to finance its operations and meet its financial obligations as they fall due for the foreseeable future.

This report was approved by the board on 13 October 2020 and signed on its behalf.



M.S. Jacobs
Director

BRENCHAM (1988) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2020

The Directors present their report and the financial statements for the year ended 30 April 2020.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The profit for the year, after taxation, amounted to £4,394,783 (2019 - £6,256,046).

Dividends of £Nil (2019: £Nil) were paid during the year.

Directors

The Directors who served during the year were:

C.R.W. Franks
C.G. Merrell
S. Rogers (resigned 3 March 2020)
M.S. Jacobs (appointed 23 March 2020)
T.A. Hartland Mackie (appointed 23 March 2020)

Matters covered in the Strategic Report

The business review, principal risks and uncertainties and financial key performance indicators are not included in the Directors' Report as they are covered in the Strategic Report as required under s414C of the Companies Act 2006.

BRENCHAM (1988) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2020**

Disclosure of information to auditor

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 October 2020 and signed on its behalf.



M.S. Jacobs
Director

BRENCHAM (1988) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRENCHAM (1988) LIMITED

Opinion

We have audited the financial statements of Brencham (1988) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2020, which comprise the Group Income Statement, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the parent Company's affairs as at 30 April 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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

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

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

BRENCHAM (1988) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRENCHAM (1988) LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements 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.

BRENCHAM (1988) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRENCHAM (1988) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

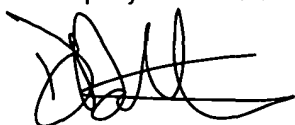
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members as a body 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 for our audit work, for this report, or for the opinions we have formed.



Dave Darlaston (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

13 October 2020

BRENCHAM (1988) LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2020**

	Note	2020 £	2019 £
Turnover		34,978,817	37,200,376
Cost of sales		(20,201,415)	(20,097,339)
Gross profit		14,777,402	17,103,037
Administrative expenses		(9,460,274)	(9,355,490)
Other operating income	5	237,912	92,091
Operating profit	6	5,555,040	7,839,638
Interest receivable and similar income	10	24,263	41,659
Interest payable and expenses	11	(225,882)	(186,404)
Profit before taxation		5,353,421	7,694,893
Tax on profit	12	(958,638)	(1,438,847)
Profit for the financial year		4,394,783	6,256,046

The notes on pages 17 to 33 form part of these financial statements.

BRENCHAM (1988) LIMITED
REGISTERED NUMBER: 11089708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	3,052,094	3,576,740
Tangible assets	14	3,462,925	3,318,297
		<u>6,515,019</u>	<u>6,895,037</u>
Current assets			
Stocks	16	7,421,554	7,123,038
Debtors: amounts falling due within one year	17	8,351,855	5,709,729
Cash at bank and in hand		2,030,132	6,866,219
		<u>17,803,541</u>	<u>19,698,986</u>
Creditors: amounts falling due within one year	18	(5,330,942)	(4,716,505)
Net current assets		<u>12,472,599</u>	<u>14,982,481</u>
Total assets less current liabilities		<u>18,987,618</u>	<u>21,877,518</u>
Creditors: amounts falling due after more than one year	19	(7,824,635)	(15,109,318)
Net assets		<u><u>11,162,983</u></u>	<u><u>6,768,200</u></u>
Capital and reserves			
Called up share capital	23	1,000,000	1,000,000
Profit and loss account		10,162,983	5,768,200
Shareholder's funds		<u><u>11,162,983</u></u>	<u><u>6,768,200</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 October 2020.

C R W Franks

C.R.W. Franks
Director

The notes on pages 17 to 33 form part of these financial statements.

BRENCAM (1988) LIMITED
REGISTERED NUMBER: 11089708

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	972	2,568
Tangible assets	14	918,712	735,341
Investments	15	8,772,587	8,772,587
		<u>9,692,271</u>	<u>9,510,496</u>
Current assets			
Stocks	16	7,004,116	6,394,283
Debtors: amounts falling due within one year	17	8,142,052	5,443,833
Cash at bank and in hand		115,137	5,622,182
		<u>15,261,305</u>	<u>17,460,298</u>
Creditors: amounts falling due within one year	18	(4,918,071)	(4,432,054)
Net current assets		<u>10,343,234</u>	<u>13,028,244</u>
Total assets less current liabilities		<u>20,035,505</u>	<u>22,538,740</u>
Creditors: amounts falling due after more than one year	19	(7,824,635)	(15,109,318)
Net assets		<u><u>12,210,870</u></u>	<u><u>7,429,422</u></u>
Capital and reserves			
Called up share capital	23	1,000,000	1,000,000
Profit and loss account		11,210,870	6,429,422
Shareholder's funds		<u><u>12,210,870</u></u>	<u><u>7,429,422</u></u>

The profit for the financial year dealt within the primary statements of the parent company was £4,781,448 (2019 - £6,429,422)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 October 2020.

C.R.W. Franks

C.R.W. Franks
Director

The notes on pages 17 to 33 form part of these financial statements.

BRENCHAM (1988) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2019	1,000,000	5,768,200	6,768,200
Profit for the year	-	4,394,783	4,394,783
At 30 April 2020	1,000,000	10,162,983	11,162,983

The notes on pages 17 to 33 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2018	1	-	1
Profit for the year	-	6,256,046	6,256,046
Shares issued during the year	999,999	-	999,999
Pre merger subsidiary retained earnings	-	(487,846)	(487,846)
At 30 April 2019	1,000,000	5,768,200	6,768,200

The notes on pages 17 to 33 form part of these financial statements.

BRENCHAM (1988) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2019	1,000,000	6,429,422	7,429,422
Profit for the year	-	4,781,448	4,781,448
At 30 April 2020	1,000,000	11,210,870	12,210,870

The notes on pages 17 to 33 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2018	1	-	1
Profit for the year	-	6,429,422	6,429,422
Shares issued during the year	999,999	-	999,999
At 30 April 2019	1,000,000	6,429,422	7,429,422

The notes on pages 17 to 33 form part of these financial statements.

BRENCHAM (1988) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	4,394,783	6,256,046
Adjustments for:		
Amortisation of intangible assets	524,646	524,867
Depreciation of tangible assets	484,535	376,550
Profit on disposal of tangible assets	(10,608)	(23,618)
Interest paid	225,882	186,404
Interest received	(4,881)	(19,043)
Taxation charge	958,638	1,438,847
Increase in stocks	(298,516)	(897,971)
Decrease/(increase) in debtors	782,653	(196,000)
Increase in amounts owed by group undertakings	(3,395,744)	(448,157)
(Decrease)/increase in creditors	(179,851)	488,774
(Decrease)/increase in amounts owed to group undertakings	405,136	(63,342)
Corporation tax (paid)	(643,315)	(2,152,181)
Net cash generated from operating activities	3,243,358	5,471,176
Cash flows from investing activities		
Purchase of trade and assets	-	(19,607,455)
Purchase of tangible fixed assets	(152,065)	(309,287)
Sale of tangible fixed assets	10,608	25,620
Interest received	4,881	19,043
(Decrease)/increase in long term amounts owed to group undertakings	(7,500,000)	15,000,000
Net cash from investing activities	(7,636,576)	(4,872,079)

BRENCHAM (1988) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2020

	2020 £	2019 £
Cash flows from financing activities		
Issue of ordinary shares	-	999,999
Repayment of finance leases	(216,987)	(75,659)
Interest paid	(225,882)	(186,404)
Net cash used in financing activities	(442,869)	737,936
Net (decrease)/increase in cash and cash equivalents	(4,836,087)	1,337,033
Cash and cash equivalents at beginning of year	6,866,219	5,529,186
Cash and cash equivalents at the end of year	2,030,132	6,866,219
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,030,132	6,866,219
	2,030,132	6,866,219

BRENCHAM (1988) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. General information

Brencham (1988) Limited is a private company (limited by shares) incorporated in England and Wales, registration number 11089708. The address of the registered office is 48b Pipers Road, Park Farm Industrial Estate, Redditch, Worcestershire, B98 0HU.

The Group's principal activity during the year was that of the manufacture of electrical goods.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 judgement in applying the Company's accounting policies (see note 3).

Going concern

The Directors have assessed the Group's ability to continue as a going concern. As a result of this assessment, no material uncertainties have been identified that cast doubt about the ability of the Group to continue as a going concern.

The following principle accounting policies have been applied:

2.2 Basis of consolidation

The financial statements consolidate the accounts of Brencham (1988) Limited and all of its subsidiary undertakings ('subsidiaries'). The subsidiaries previously acquired were consolidated using the purchase method. Their results have been incorporated from the date on which control was obtained and their assets and liabilities at fair value at the date of acquisition.

2.3 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Income Statement over its useful economic life of 10 years.

2.4 Valuation of investments

Long term investments are described as subsidiary undertakings and are classified as fixed assets and carried at cost less impairment.

Gains and losses are recognised in the Income Statement.

BRENCHAM (1988) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.5 Intangible assets

Software costs 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.

Amortisation is provided on the following bases:

Software	- over 4-5 years
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2.6 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- 1.5% straight line
Plant and machinery	- Over 3-5 years
Motor vehicles	- Over 4 years

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 within 'administrative expenses' in the Income Statement.

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for impairment of obsolete and slow moving stocks. Work in progress and finished goods include labour and attributable overheads.

BRENCHAM (1988) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.8 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties.

Short term debtors are measured at the transaction price, less any impairment.

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling.

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 the Income Statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement.

2.10 Revenue

Revenue is recognised throughout the group when the significant risks and rewards of ownership have transferred to the customer, this is deemed to be at the point of despatch.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS102.

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

2.12 Research and development

Research and development expenditure is written off in the year in which it is incurred.

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the following:

Stock provision

The provision, which ranges from 0% to 100% of cost, is estimated based on the age profile of the stock and stock turnover. At each balance sheet date, stocks are assessed for any impairment and therefore these percentages may vary from year to year. Any loss is recognised immediately in the Income Statement.

4. Turnover

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

Consequent to the provisions of paragraph 68(5) of Schedule 1 Part III to Statutory Instrument 2008 No. 410, an analysis of turnover and profits has not been disclosed.

5. Other operating income

	2020 £	2019 £
Net rents receivable	93,518	92,091
Government grants	144,394	-

Government grants received during the year related to the Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets:		
- owned by the group	287,845	253,687
- held under finance leases and hire purchases contracts	196,690	122,863
Amortisation of intangible assets, including goodwill	524,646	524,867
Other operating rentals	562,055	569,674

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	49,144	48,063
Other services relating to taxation	2,336	2,285
	<u>51,480</u>	<u>50,348</u>

8. Employees

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

	Group 2020	Group 2019
	£	£
Wages and Salaries	6,901,852	6,982,270
Social security costs	704,304	731,684
Other pension costs	294,801	192,351
	<u>7,900,957</u>	<u>7,906,305</u>

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

	2020	2019
	No.	No.
Full time	227	233
Part time	25	32
	<u>252</u>	<u>265</u>

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	755,080	592,166
Company contributions to defined contribution pension schemes	116,279	15,600

During the year retirement benefits were accruing to 2 Directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £284,664 (2019 - £286,076).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2019 - £NIL).

10. Interest receivable

	2020 £	2019 £
Gain on exchange	4,881	22,616
Bank interest receivable	19,382	19,043
	24,263	41,659

11. Interest payable and similar expenses

	2020 £	2019 £
Other loan interest payable	-	238
Loans from group undertakings	207,265	174,760
Finance leases and hire purchase contracts	18,617	11,406
	225,882	186,404

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	1,150,804	1,570,403
Adjustments in respect of previous periods	(163,131)	(138,106)
Total current tax	987,673	1,432,297
Deferred tax		
Origination and reversal of timing differences	(22,216)	2,872
Adjustments in respect of prior periods	(28)	114
Effect of tax rate change on opening balance	(6,791)	3,564
Total deferred tax	(29,035)	6,550
Taxation on profit on ordinary activities	958,638	1,438,847

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	5,353,421	7,694,893
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,017,150	1,462,030
Effects of:		
Amortisation of goodwill	99,380	99,380
Expenses not deductible for tax purposes	4,131	2,519
Fixed asset permanent differences	7,929	9,686
Adjustments to tax charge in respect of prior periods	(163,159)	(137,992)
Effect of rate change on deferred tax	(6,793)	3,224
Total tax charge for the year	958,638	1,438,847

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

12. Taxation (continued)**Factors that may affect future tax charges**

Deferred tax has been provided at 19% (2019 - 17%) as this is the rate at which the Directors expect these timing differences to reverse.

There were no other factors that may affect future charges.

13. Intangible assets**Group**

	Software £	Goodwill £	Total £
Cost			
At 1 May 2019	8,196	5,230,497	5,238,693
At 30 April 2020	8,196	5,230,497	5,238,693
Amortisation			
At 1 May 2019	5,628	1,656,325	1,661,953
Charge for the year	1,596	523,050	524,646
At 30 April 2020	7,224	2,179,375	2,186,599
Net book value			
At 30 April 2020	972	3,051,122	3,052,094
At 30 April 2019	2,568	3,574,172	3,576,740

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

13. Intangible assets (continued)**Company**

	Software £
Cost	
At 1 May 2019	8,196
At 30 April 2020	<u>8,196</u>
Amortisation	
At 1 May 2019	5,628
Charge for the year	1,596
At 30 April 2020	<u>7,224</u>
Net book value	
At 30 April 2020	<u><u>972</u></u>
At 30 April 2019	<u><u>2,568</u></u>

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

14. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 May 2019	2,500,000	8,280,388	373,100	11,153,488
Additions	-	629,163	-	629,163
Disposals	-	(530,254)	(32,759)	(563,013)
At 30 April 2020	<u>2,500,000</u>	<u>8,379,297</u>	<u>340,341</u>	<u>11,219,638</u>
Depreciation				
At 1 May 2019	34,529	7,534,099	266,563	7,835,191
Charge for the year	11,487	408,657	64,391	484,535
Disposals	-	(530,254)	(32,759)	(563,013)
At 30 April 2020	<u>46,016</u>	<u>7,412,502</u>	<u>298,195</u>	<u>7,756,713</u>
Net book value				
At 30 April 2020	<u>2,453,984</u>	<u>966,795</u>	<u>42,146</u>	<u>3,462,925</u>
At 30 April 2019	<u>2,465,471</u>	<u>746,289</u>	<u>106,537</u>	<u>3,318,297</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery and motor vehicles	<u>511,430</u>	<u>231,018</u>

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

14. Tangible fixed assets (continued)

Company

	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation			
At 1 May 2019	8,113,372	373,100	8,486,472
Additions	628,226	-	628,226
Disposals	(530,254)	(32,759)	(563,013)
At 30 April 2020	<u>8,211,344</u>	<u>340,341</u>	<u>8,551,685</u>
Depreciation			
At 1 May 2019	7,484,568	266,563	7,751,131
Charge for the year	380,464	64,391	444,855
Disposals	(530,254)	(32,759)	(563,013)
At 30 April 2020	<u>7,334,778</u>	<u>298,195</u>	<u>7,632,973</u>
Net book value			
At 30 April 2020	<u><u>876,566</u></u>	<u><u>42,146</u></u>	<u><u>918,712</u></u>
At 30 April 2019	<u><u>628,804</u></u>	<u><u>106,537</u></u>	<u><u>735,341</u></u>

The net book value of assets held under finance leases or hire purchase contracts in the company, included above, is equal to the net book value of the assets in the whole group.

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

15. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
At 1 May 2019	8,772,587
At 30 April 2020	8,772,587
At 1 May 2019	-
Charge for the period	-
At 30 April 2020	-
Net book value	
At 30 April 2020	8,772,587
At 30 April 2019	8,772,587

Subsidiary companies

Name	Holding
Olson Electronics Holdings Limited	100%
Olson Electronics Limited*	100%

* This company is a direct subsidiary of Olson Electronics Holdings Limited.

All of the above companies are incorporated in England.

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials	2,029,466	1,497,596	1,784,553	1,159,294
Work in progress	966,744	873,284	845,474	662,789
Finished goods	4,425,344	4,752,158	4,374,089	4,572,200
	7,421,554	7,123,038	7,004,116	6,394,283

Stock recognised in cost of sales during the year as an expense was £15,806,683 (2019: £15,762,015).

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,230,648	2,153,541	1,020,298	1,882,632
Amounts owed by group undertakings	6,325,624	2,929,880	6,340,383	2,942,137
Other debtors	468,120	298,953	466,250	298,930
Prepayments and accrued income	240,737	269,664	235,327	264,600
Deferred taxation (note 22)	86,726	57,691	79,794	55,534
	8,351,855	5,709,729	8,142,052	5,443,833

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	1,256,527	985,636	1,177,084	911,321
Amounts owed to group undertakings	428,223	23,087	422,116	13,317
Corporation tax	987,673	643,315	948,515	620,496
Other taxation and social security	624,922	1,112,023	537,744	1,042,889
Obligations under finance lease and hire purchase contracts	146,685	101,891	146,685	101,891
Other creditors	1,733,787	1,669,488	1,557,657	1,598,002
Accruals and deferred income	153,125	181,065	128,270	144,138
	5,330,942	4,716,505	4,918,071	4,432,054

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

19. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Net obligations under finance leases and hire purchase contracts	324,635	109,318	324,635	109,318
Amounts owed to group undertakings	7,500,000	15,000,000	7,500,000	15,000,000
	<u>7,824,635</u>	<u>15,109,318</u>	<u>7,824,635</u>	<u>15,109,318</u>

Amounts owed to group undertakings comprise of a loan accruing interest at a rate of 2.25% per annum. The loan together with any interest will be repayable in full on 30 April 2029.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Within one year	146,685	101,891	146,685	101,891
Between one and five years	324,635	109,318	324,635	109,318
	<u>471,320</u>	<u>211,209</u>	<u>471,500</u>	<u>211,209</u>

21. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>7,690,311</u>	<u>5,083,444</u>	<u>7,496,508</u>	<u>4,824,769</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(11,542,983)</u>	<u>(18,070,485)</u>	<u>(11,256,448)</u>	<u>(17,877,987)</u>

Financial assets measured at amortised cost comprise trade and other debtors, and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors, obligations under finance leases and hire purchase contracts, amounts due to group undertakings, bank overdraft and accruals.

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

22. Deferred taxation

Group

	2020 £	2019 £
At 1 May 2019	57,691	64,241
Credited to profit or loss	29,035	(6,550)
At 30 April 2020	86,726	57,691

Company

	2020 £	2019 £
At 1 May 2019	55,534	57,163
Credited to profit or loss	24,260	(1,629)
At 30 April 2020	79,794	55,534

The deferred tax asset is made up as follows:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Accelerated capital allowances	79,908	53,680	78,653	53,736
Short term timing differences	6,818	4,011	1,141	1,798
	86,726	<i>57,691</i>	79,794	<i>55,534</i>

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,000,000 (2019 - 1,000,000) Ordinary shares shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>

24. Analysis of net debt

	At 1 May 2019 £	Cash flows £	New finance leases £	At 30 April 2020 £
Cash at bank and in hand	6,866,219	(4,836,087)	-	2,030,132
Finance leases	(211,209)	216,987	(477,098)	(471,320)
	<u>6,655,010</u>	<u>(4,619,100)</u>	<u>(477,098)</u>	<u>1,558,812</u>

25. Contingent liabilities

The Company is party to an unlimited multilateral guarantee as security for the bank borrowing of its ultimate parent company, Labora Holdings Limited. In the previous year, the security related to the intermediate parent company, Tamco Holdings Limited. At 30 April 2020 the potential liability under this guarantee was £2,413,691 (2019, under the previous guarantee - £28,349,670).

26. Pension commitments

The Group contributes to a number of defined contribution pension schemes whose assets are held separately from those of the Group in independently administered funds.

Contributions totalling £4,338 (2019 - £6,659) were payable to the schemes at the balance sheet date and are included in creditors

27. Capital commitments

At 30 April 2020 the Group and Company had capital commitments as follows:

	Group 2020 £	Group 2019 £
Contracted for but not provided in these financial statements	<u>7,644</u>	<u>-</u>

BRENCHAM (1988) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

28. Commitments under operating leases

At 30 April 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Not later than 1 year	551,024	<i>558,500</i>	548,497	<i>554,168</i>
Later than 1 year and not later than 5 years	1,120,052	<i>1,139,030</i>	1,120,052	<i>1,136,503</i>
	<u>1,671,076</u>	<i><u>1,697,530</u></i>	<u>1,668,549</u>	<i><u>1,690,671</u></i>

29. Related party transactions

No transactions with related parties were undertaken during the year such as are required to be disclosed under Section 33 of FRS 102, the Financial Reporting Standard applicable to the United Kingdom and the Republic of Ireland.

Key management personnel

The directors are the only individuals who have authority and responsibility for planning, directing and controlling the activities of the group and are considered to be key management personnel. Total remuneration in respect of these individuals is £1,022,977 (2019- £689,485).

30. Controlling party

The immediate parent undertaking is Tamco Holdings Limited, a company incorporated in Jersey, Channel Islands.

The ultimate parent company is Labora Holdings Limited, a company incorporated in Jersey, Channel Islands, which has no controlling party.

The smallest group for which consolidated financial statements have been prepared for the year ended 30 April 2020 is Tamco Holdings Limited. The registered office address is Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW

The largest group for which consolidated financial statements have been prepared for the year ended 30 April 2020 is Labora Holdings Limited.