

## Bray Controls (UK) Limited

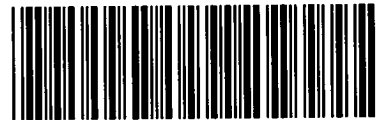
Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number SC163206

THURSDAY



\*S9Z2XTMA\*

SCT

25/02/2021

#223

COMPANIES HOUSE

# Bray Controls (UK) Limited

## Company Information

---

<b>Directors</b>	Craig Brown Brenda Lee Perry Ronald Warren Robert Campbell (appointed 6 August 2020) Cornelius Hartkoorn (appointed 6 August 2020)
------------------	--

<b>Company secretary</b>	Craig Brown
--------------------------	-------------

<b>Registered number</b>	SC163206
--------------------------	----------

<b>Registered office</b>	16-18 Fountain Crescent Inchinnan Business Park Inchinnan PA4 9RE
--------------------------	--

---

<b>Independent auditor</b>	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
----------------------------	---

<b>Bankers</b>	Bank of Scotland The Cross Paisley PA1 1DB
----------------	---

	Bank of America 5 Canada Square London E14 5AQ
--	---

<b>Solicitors</b>	Gilson Gray 160 West George Street Glasgow G2 2HQ
-------------------	--

# Bray Controls (UK) Limited

## Contents

---

	Page
<b>Strategic report</b>	<b>1 - 2</b>
<b>Directors' report</b>	<b>3 - 5</b>
<b>Directors' responsibilities statement</b>	<b>6</b>
<b>Independent auditor's report</b>	<b>7 - 9</b>
<b>Statement of comprehensive income</b>	<b>10</b>
<b>Statement of financial position</b>	<b>11</b>
<b>Statement of changes in equity</b>	<b>12</b>
<b>Statement of cash flows</b>	<b>13</b>
<b>Notes to the financial statements</b>	<b>14 - 28</b>

# **Bray Controls (UK) Limited**

## **Strategic Report For the Year Ended 31 December 2019**

---

### **Principal risks and uncertainties**

The company supplies varied engineered products and solutions to a wide range of unconnected market sectors in different geographical regions. No single market sector accounts for more than 10% of total sales. This reduces its exposure to fluctuating or cyclical demand patterns within any single market sector or economy.

The company remains committed to the investment in and introduction of new engineered products and offering technologically advanced solutions to customers. The business development strategy incorporates both internal product design and enhancement together with acquisition of complementary products and businesses.

The impact of "Brexit" on the business remains unclear, but the directors are confident that the company is well positioned and diversified to absorb any impact without any material impact on operations.

### **Business review, performance and future developments**

---

Turnover increased by 30%, while gross profit percentage decreased from 16.3% to 12.9%. The company has continued to improve its efficiencies through investment in new assembly, test and support equipment and modern business systems and processes.

The company continues to place high emphasis on the training and development of its employees and encourages and facilitates internal promotion where possible.

The directors remain confident of the continuing growth and success of the business through the continued development of new products and the objective of exceeding customer expectations.

At the date of signing the accounts, the UK economy is severely impacted by the effects of the spread of COVID-19, and the measures taken by the government to prevent the continued spread of the virus. The company, in line with the businesses in many industries, has been impacted by these measures, however the business has been able to operate throughout the pandemic. The company has considered the implications of COVID-19 through the 'lenses' of operational capability, market-based demand and structural finance.

Operations across the company have been affected but the company has largely been able to continue operations.

Market-based demand for the company's products has remained strong given the sectors in which the company operates. The company has continued to work through the pandemic and also ensured that customers are supported.

The company considers that it has adequate cash resources to continue as a going concern, however in the event that the company is unable to meet its liabilities as they fall due, has obtained confirmation from its parent entity that financial support will be provided as required.

### **Key performance indicators**

The company uses Key Performance Indicators as a performance measurement, in line with the group approach. These indicators are an ongoing development process that focuses on customer satisfaction measured through on time delivery and quality statistics, efficiencies through financial ratios and employee training, health and wellbeing through employee health and safety and risk monitoring programmes.

The company considers that it has seen progress in these areas during 2018 and will continue to refine the data during the course of 2019, including the incorporation of On Time Delivery statistics.

# Bray Controls (UK) Limited

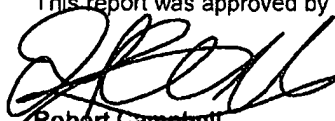
## Strategic Report (continued) For the Year Ended 31 December 2019

---

	2019	2018
Turnover	£26,850k	£20,569k
Order Intake	£28,572k	£20,853k
Order Backlog	£5,970k	£4,951k
Total Training Hours	401 hours	892 hours
% of returning customers	79.78%	82%

---

This report was approved by the board on 22 February 2021 and signed on its behalf.



Robert Campbell  
Director

# **Bray Controls (UK) Limited**

## **Directors' Report For the Year Ended 31 December 2019**

---

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

### **Principal activity**

The company's principal activity is the assembly of 'Bray' resilient sealed butterfly valves, high performance valves, ball valves, check valves and the procurement and supply of flow control equipment and associated spare parts.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,016,288 (2018 - £287,128).

The directors do not recommend the payment of a dividend (2018 - £Nil).

### **Directors**

The directors who served during the year were:

Craig Brown  
George Campbell Crooks (resigned 20 January 2020)  
Brenda Lee Perry  
Ronald Warren

### **Financial instruments**

The company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings and to fix sterling value of export sales when a contract is signed. Fixed assets are financed through its cash resources and fixed term bank loans.

The company's exposure to the price risk of financial instruments is therefore minimal. As the counterparties to all financial instruments are its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms, matching the maturity of the currency purchases.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the company's financial position or performance.

### **COVID-19 and going concern**

The directors have assessed, based on current projections that the company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

As detailed in the strategic report, the directors have completed a thorough assessment of the impact of COVID-19 on the business. The directors have assessed that the actions and strategies available to them to mitigate business threats identified through this review demonstrated that the company could continue to operate within its available resources. Therefore, as there is a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future, the directors have concluded that this does not represent a material uncertainty with regards to going concern.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

# **Bray Controls (UK) Limited**

## **Directors' Report (continued) For the Year Ended 31 December 2019**

---

### **Engagement with employees**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through discussion in formal and informal meetings, and information cascaded through a range of media including email, intranet and notice boards.

### **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'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's auditor is aware of that information.

### **Post balance sheet events**

The outbreak of COVID-19 in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Details of the potential impact on the company are discussed above and in note 2.2.

## Bray Controls (UK) Limited

Directors' Report (continued)  
For the Year Ended 31 December 2019

---

### Auditor

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

This report was approved by the board on 22 February 2021 and signed on its behalf.



Robert Campbell  
Director

---



# **Bray Controls (UK) Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2019**

---

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

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

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

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

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

# Bray Controls (UK) Limited

## Independent Auditor's Report to the Members of Bray Controls (UK) Limited

---

### Opinion

We have audited the financial statements of Bray Controls (UK) Limited ("the company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- ~~have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and~~
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

# Bray Controls (UK) Limited

## Independent Auditor's Report to the Members of Bray Controls (UK) 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.

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

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

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

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

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

# Bray Controls (UK) Limited

## Independent Auditor's Report to the Members of Bray Controls (UK) Limited (continued)

---

### 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



**Alastair Rae** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Glasgow  
United Kingdom

23 FEBRUARY 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Bray Controls (UK) Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	26,850,224	20,569,461
Cost of sales		(23,442,534)	(17,218,100)
<b>Gross profit</b>		<b>3,407,690</b>	<b>3,351,361</b>
Distribution costs		(795,151)	(1,491,390)
Administrative expenses		(1,272,483)	(1,372,799)
<b>Operating profit</b>	5	<b>1,340,056</b>	<b>487,172</b>
Interest payable and expenses	8	(75,122)	(79,598)
<b>Profit before tax</b>		<b>1,264,934</b>	<b>407,574</b>
Tax on profit	9	(248,646)	(120,446)
<b>Profit for the financial year</b>		<b>1,016,288</b>	<b>287,128</b>

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 14 to 28 form part of these financial statements.

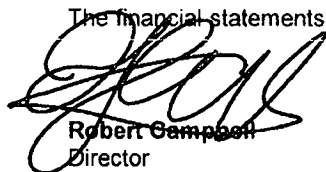
**Bray Controls (UK) Limited**  
Registered number: SC163206

**Statement of Financial Position**  
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Intangible assets	10		2,640		6,828
Tangible assets	11		3,428,018		3,585,907
			<u>3,430,658</u>		<u>3,592,735</u>
<b>Current assets</b>					
Stocks	12	7,709,165		8,894,030	
Debtors: amounts falling due within one year	13	7,418,030		4,303,799	
Cash at bank and in hand	14	214,600		37,227	
		<u>15,341,795</u>		<u>13,235,056</u>	
Creditors: amounts falling due within one year	15	(11,534,584)		(10,608,768)	
<b>Net current assets</b>			<u>3,807,211</u>		<u>2,626,288</u>
<b>Total assets less current liabilities</b>			<u>7,237,869</u>		<u>6,219,023</u>
Creditors: amounts falling due after more than one year	16		(1,082,283)		(1,182,991)
<b>Provisions for liabilities</b>					
Deferred tax	19	(124,063)		-	
			<u>(124,063)</u>		<u>-</u>
Accruals and deferred income	20		(482,616)		(503,413)
<b>Net assets</b>			<u><u>5,548,907</u></u>		<u><u>4,532,619</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		3,049,225		3,049,225
Other reserves	22		1,216,007		1,216,007
Profit and loss account	22		1,283,675		267,387
			<u><u>5,548,907</u></u>		<u><u>4,532,619</u></u>

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

22 February 2021

  
Robert Campbell  
Director

The notes on pages 14 to 28 form part of these financial statements.

# Bray Controls (UK) Limited

## Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £	Capital reserve £	Profit and loss account £	Total equity £
At 1 January 2019	3,049,225	1,216,007	267,387	4,532,619
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,016,288	1,016,288
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	1,016,288	1,016,288
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2019</b>	<b>3,049,225</b>	<b>1,216,007</b>	<b>1,283,675</b>	<b>5,548,907</b>

## Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £	Capital reserve £	Profit and loss account £	Total equity £
At 1 January 2018	3,049,225	1,216,007	(19,741)	4,245,491
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	287,128	287,128
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	287,128	287,128
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2018</b>	<b>3,049,225</b>	<b>1,216,007</b>	<b>267,387</b>	<b>4,532,619</b>

The notes on pages 14 to 28 form part of these financial statements.

# Bray Controls (UK) Limited

## Statement of Cash Flows For the Year Ended 31 December 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,016,288	287,128
<b>Adjustments for:</b>		
Amortisation of intangible assets	4,188	5,062
Depreciation of tangible assets	218,614	206,918
Interest paid	75,122	79,598
Taxation charge	248,646	120,446
Decrease/(increase) in stocks	1,184,865	(1,502,068)
(Increase)/decrease in debtors	(1,817,809)	740,221
(Increase)/decrease in amounts owed by groups	(1,421,005)	789,120
Increase/(decrease) in creditors	330,027	(131,589)
Increase/(decrease) in amounts owed to groups	603,460	(237,913)
Amortisation of government grant	(20,797)	(20,797)
<b>Net cash generated from operating activities</b>	<b>421,599</b>	<b>336,126</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(60,725)	(140,327)
<b>Net cash from investing activities</b>	<b>(60,725)</b>	<b>(140,327)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(108,379)	(101,896)
Interest paid	(75,122)	(79,598)
<b>Net cash used in financing activities</b>	<b>(183,501)</b>	<b>(181,494)</b>
<b>Net increase in cash and cash equivalents</b>	<b>177,373</b>	<b>14,305</b>
Cash and cash equivalents at beginning of year	37,227	22,922
<b>Cash and cash equivalents at the end of year</b>	<b>214,600</b>	<b>37,227</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	214,600	37,227
	<b>214,600</b>	<b>37,227</b>

The notes on pages 14 to 28 form part of these financial statements.



# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

---

### 1. General information

Bray Controls (UK) Limited is a private company limited by shares and incorporated in Scotland under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

### 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. Details of the key judgements in this regard are set out in note 3.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The directors have assessed, based on current projections that the company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

As detailed in the strategic report, the directors have completed a thorough assessment of the impact of COVID-19 on the business. The directors have assessed that the actions and strategies available to them to mitigate business threats identified through this review demonstrated that the company could continue to operate within its available resources. Therefore, as there is a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future, the directors have concluded that this does not represent a material uncertainty with regards to going concern.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

#### 2.3 Foreign currency translation

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 transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

---

### 2. Accounting policies (continued)

#### 2.4 Revenue recognition

Revenue is the total amount receivable by the company in the ordinary course of business with external customers for goods supplied in the year, net of value added tax and trade discounts. Goods are considered to have been supplied, based on agreed customer terms, when they are despatched to the customer and turnover is recognised at that point.

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

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

#### 2.5 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.6 Government grants

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

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

#### 2.7 Finance costs

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

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

---

### 2. Accounting policies (continued)

#### 2.8 Pensions

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

#### 2.9 Intangible assets

Intangible assets comprise software licences. Intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised evenly to the statement of comprehensive income over their estimated economic life of 4 years.

#### 2.10 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives.

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

Depreciation is provided on the following basis:

Freehold property	- over 39 years straight line
Plant and machinery	- 10% straight line
Fixtures and fittings	- 10-33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.11 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price including import duties, transport and handling costs and net realisable value is the estimated proceeds from the sale of items of stock less all further costs to completion.

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

---

### 2. Accounting policies (continued)

#### 2.12 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other amounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other amounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate; the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.13 Current and deferred taxation

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

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

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

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

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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

In preparing the financial statements, the directors have made the following judgments:

- Determine whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of that unit.
- Determine whether any bad debt provision is required via review of trade debtors, with debts provided for on a specific basis. Factors considered include customer payment history and agreed credit terms.
- Determine whether any stock provision is necessary. Factors taken into consideration include assessment of stock quantities on hand against sales of stock lines over historic and future periods.

### 4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,544,904	5,425,719
Rest of Europe	7,350,504	12,192,920
Rest of the world	10,954,816	2,950,822
	<u>26,850,224</u>	<u>20,569,461</u>

All turnover is attributable to one class of business being the assembly of valves and control equipment.

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 5. Operating profit

The operating profit/(loss) is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	216,614	206,916
Amortisation of intangible fixed assets	4,188	5,062
Exchange differences	259,278	191,350
Government grants released	(20,797)	(20,797)
Defined contribution pension cost	160,418	138,782
Other operating lease rentals	111,637	140,430
Fees payable to the company's auditor for the audit of the company's annual financial statements	27,250	23,500
<b>Fees payable to the company's auditor in respect of:</b>		
Taxation compliance services	2,900	3,630
Other non-audit fees	1,000	2,000

### 6. Employees

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

	2019 £	2018 £
Wages and salaries	3,279,276	2,839,845
Social security costs	334,671	291,529
Cost of defined contribution scheme	160,418	138,782
	<b>3,774,365</b>	<b>3,270,156</b>

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

	2019 No.	2018 No.
Production	47	48
Sales	26	29
Administration	8	7
	<b>81</b>	<b>84</b>

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	149,315	38,158
Company contributions to defined contribution pension schemes	5,565	1,422
	<u>154,880</u>	<u>39,580</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

### 8. Interest payable and similar charges

	2019 £	2018 £
Bank interest payable	58,741	63,217
Loans from group undertakings	16,381	16,381
	<u>75,122</u>	<u>79,598</u>

### 9. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Fixed asset timing differences	248,646	(1,113)
Losses and other deductions	-	121,559
<b>Total deferred tax</b>	<u>248,646</u>	<u>120,446</u>
<b>Taxation on profit on ordinary activities</b>	<u>248,646</u>	<u>120,446</u>

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below.

	2019 £	2018 £
Profit on ordinary activities before tax	1,264,934	407,574
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	240,337	77,439
Effects of:		
Fixed asset differences	31,638	30,165
Expenses not deductible for tax purposes	1,189	2,137
Non-taxable grant income release	(3,951)	(3,951)
Adjustments to tax charge in respect of prior periods	(49)	-
Adjustment to closing deferred tax to average rate of 19%	(14,596)	14,656
Adjustment to opening deferred tax to average rate of 19%	(14,662)	-
Other differences leading to an increase (decrease) in the tax charge	8,740	-
Total tax charge for the year	248,646	120,446

#### Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax asset at 31 December 2019 has been calculated based on the rates substantively enacted at the date of the statement of financial position.



# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Intangible assets

	Software licences £
<b>Cost</b>	
At 1 January 2019	52,572
At 31 December 2019	52,572
<b>Amortisation</b>	
At 1 January 2019	45,744
Charge for the year on owned assets	4,188
At 31 December 2019	49,932
<b>Net book value</b>	
At 31 December 2019	2,640
At 31 December 2018	6,828

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 11. Tangible fixed assets

	Freehold property £	Plant, machinery, fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2019	4,293,643	1,623,102	5,916,745
Additions	7,522	53,203	60,725
At 31 December 2019	4,301,165	1,676,305	5,977,470
<b>Depreciation</b>			
At 1 January 2019	1,053,961	1,276,877	2,330,838
Charge for the year on owned assets	107,995	110,619	218,614
At 31 December 2019	1,161,956	1,387,496	2,549,452
<b>Net book value</b>			
At 31 December 2019	3,139,209	288,809	3,428,018
At 31 December 2018	3,239,682	346,225	3,585,907

Included in freehold property is freehold land at a cost of £101,461 (2018 - £101,461) which is not depreciated.

### 12. Stocks

	2019 £	2018 £
Work in progress (goods to be sold)	64,960	9,133
Finished goods and goods for resale	7,644,205	8,884,897
	<u>7,709,165</u>	<u>8,894,030</u>

Stock recognised in cost of sales during the year as an expense was £19,727,458 (2018 - £16,417,353).

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	5,074,684	2,911,710
Amounts owed by group undertakings	2,070,400	649,395
Other debtors	144,577	477,946
Prepayments and accrued income	128,369	140,165
Deferred taxation	-	124,583
	<u>7,418,030</u>	<u>4,303,799</u>

The impairment loss recognised in the statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £12,980 (2018 - £90,309).

### 14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>214,600</u>	<u>37,227</u>

### 15. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	99,286	106,957
Trade creditors	688,977	778,583
Amounts owed to group undertakings	8,952,386	8,348,926
Other taxation and social security	237,405	369,335
Other creditors	468,020	468,020
Accruals and deferred income	1,088,510	536,947
	<u>11,534,584</u>	<u>10,608,768</u>

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 16. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans	1,082,283	1,182,991
	<u>1,082,283</u>	<u>1,182,991</u>

The following liabilities were secured:

	2019 £	2018 £
Bank loans	1,082,283	1,182,991
	<u>1,082,283</u>	<u>1,182,991</u>

Details of security provided:

The bank loan comprises one loan which is repayable in monthly instalments, with the final instalment due in February 2029. The loan bears interest at 4.69% and is secured by a standard security over the company's freehold land and buildings and a bond and floating charge over the whole assets of the company.

### 17. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loans	99,286	106,957
	<u>99,286</u>	<u>106,957</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	486,087	449,730
	<u>486,087</u>	<u>449,730</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	596,196	733,261
	<u>596,196</u>	<u>733,261</u>
	<u>1,181,569</u>	<u>1,289,948</u>

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 18. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>7,504,261</u>	<u>4,076,278</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>12,050,950</u>	<u>(11,422,424)</u>

Financial assets that are debt instruments measured at amortised cost comprise, cash, trade debtors, other debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, loans from group undertakings and accruals.

### 19. Deferred taxation

	2019 £
At beginning of year	124,583
Credited to profit or loss	(248,646)
<b>At end of year</b>	<u><b>(124,063)</b></u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	(130,271)	(127,849)
Tax losses carried forward	1,770	252,432
Short term timing differences	4,438	-
	<u>(124,063)</u>	<u>124,583</u>

### 20. Accruals and deferred income

	2019 £	2018 £
Deferred grant income: due greater than one year	<u>482,616</u>	<u>503,413</u>

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 21. Share capital

	2019 £	2018 £
<b>Authorised</b>		
5,000,000 (2018 - 5,000,000) ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
<b>Allotted, called up and fully paid</b>		
3,049,225 (2018 - 3,049,225) ordinary shares of £1 each	<u>3,049,225</u>	<u>3,049,225</u>

### 22. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Other reserves

This comprises capital contributions from the parent company arising from the capitalisation of amounts due to group undertakings.

#### Profit and loss account

The profit and loss account contains all current and prior year retained earnings net of dividends paid.

### 23. Pension commitments

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the scheme and amounted to £160,418 (2018 - £138,782). There was £26,105 (2018 - £36,671) included in accruals at the year end.

### 24. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	36,308	54,919
Later than 1 year and not later than 5 years	47,630	53,257
	<u>83,938</u>	<u>108,176</u>

# Bray Controls (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

---

### 25. Related party transactions

In the course of normal operations, Bray Controls (UK) Limited has contracted during the year with its fellow wholly owned subsidiary undertakings of Bray International Inc.

Sales of £10,707 (2018 - £6,778) and purchases of £8,613 (2018 - £61) were made with non-wholly owned subsidiary undertakings of Bray International Inc. As at 31 December 2019, £16,655 (2018 - £6,717) was owed to these companies by Bray Controls (UK) Limited.

Key management personnel included all directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel was £360,224 (2018 - £410,087).

### 26. Post balance sheet events

On 19 January 2020, Bray Controls UK Limited converted its intercompany loan balance into £4,908,731 of redeemable shares.

The outbreak of COVID-19 in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Details of the potential impact on the company are discussed in note 2.2.

### 27. Controlling party

The company is controlled by Bray International Inc.

The immediate parent undertaking and smallest group for which consolidated financial statements are prepared is Bray Controls Europe B.V., a company incorporated in The Netherlands.

The parent undertaking of the largest group for which consolidated financial statements are prepared is Bray International Inc., a company incorporated in the United States of America.

In the opinion of the directors, Bray International Inc. is the company's ultimate parent company and Craig Brown is the ultimate controlling party.