

Company Registration No. 01672130 (England and Wales)

BRYKEN LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 30 NOVEMBER 2018



BRYKEN LIMITED

COMPANY INFORMATION

Directors	B. Taylor P. Taylor S. P. Taylor	(Appointed 1 March 2018) (Appointed 1 March 2018)
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Secretary	S. P. Taylor
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Company number	01672130
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Registered office	Randles Road Knowsley Business Park Merseyside L34 9HX
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Auditor	Jackson Stephen LLP James House Stonecross Business Park Yew Tree Way Warrington Cheshire WA3 3JD
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Business address	Randles Road Knowsley Business Park Merseyside L34 9HX
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Bankers	National Westminster Bank plc 4 Standishgate Wigan Lancashire WN1 1UE
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BRYKEN LIMITED

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BRYKEN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2018

The directors present the strategic report for the year ended 30 November 2018.

Fair review of the business

The company has achieved a better than expected result for the year in a challenging industry. Turnover has decreased by 2.4% to £9.1m (2017: £9.3m), however the company's gross profit margin (a key performance indicator) increased to 27.4% (2017: 25.9%). This has resulted in an increase in gross profit to £2.5m (2017: £2.4m).

The company has continued to closely monitor administrative costs.

The company expects an improved position in 2019 as it looks to continue to provide excellent customer service and outstanding products.

Liquidity risk

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

Foreign currency risk

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

Credit risk

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

On behalf of the board



B. Taylor

Director

9 July 2019

BRYKEN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2018

The directors present their annual report and financial statements for the year ended 30 November 2018.

Directors

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

B. Taylor

P. Taylor

S. P. Taylor

(Appointed 1 March 2018)

(Appointed 1 March 2018)

Results and dividends

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

An interim ordinary dividend was paid amounting to £125,600 (2017: £nil). The director does not recommend payment of a final dividend.

Auditor

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

Statement of directors' responsibilities

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

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

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

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

Strategic report

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

Statement of disclosure to auditor

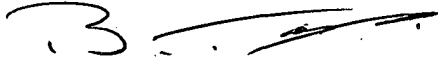
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

BRYKEN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

On behalf of the board



B. Taylor
Director

9 July 2019

BRYKEN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRYKEN LIMITED

Opinion

We have audited the financial statements of Bryken Limited (the 'company') for the year ended 30 November 2018 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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 our audit:

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

BRYKEN LIMITED

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Jackson Stepler LLP

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

15 July 2019

**Chartered Accountants
Statutory Auditor**

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

BRYKEN LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	9,102,928	9,324,642
Cost of sales		(6,606,305)	(6,913,387)
Gross profit		2,496,623	2,411,255
Distribution costs		(59,750)	(50,481)
Administrative expenses		(2,586,378)	(1,827,337)
Other operating income		44,000	102,500
Operating (loss)/profit	4	(105,505)	635,937
Interest payable and similar expenses	8	(158,117)	(6,221)
(Loss)/profit before taxation		(263,622)	629,716
Tax on (loss)/profit	9	(18,636)	(61,659)
(Loss)/profit for the financial year		(282,258)	568,057
Retained earnings brought forward as previously reported		7,752,966	7,184,909
Dividends	10	(125,600)	-
Retained earnings carried forward		7,345,108	7,752,966

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

BRYKEN LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	11	114,851		92,550	
Tangible assets	12	4,011,709		4,556,604	
Investments	13	359,000		359,000	
		<u>4,485,560</u>		<u>5,008,154</u>	
Current assets					
Stocks	14	601,251		565,895	
Debtors	15	3,377,918		3,388,299	
Cash at bank and in hand		1,241,090		1,347,983	
		<u>5,220,259</u>		<u>5,302,177</u>	
Creditors: amounts falling due within one year	16	<u>(1,985,333)</u>		<u>(1,887,736)</u>	
Net current assets		<u>3,234,926</u>		<u>3,414,441</u>	
Total assets less current liabilities		<u>7,720,486</u>		<u>8,422,595</u>	
Creditors: amounts falling due after more than one year	17	(67,997)		(327,917)	
Provisions for liabilities	19	(305,781)		(340,112)	
Net assets		<u><u>7,346,708</u></u>		<u><u>7,754,566</u></u>	
Capital and reserves					
Called up share capital	22	1,600		1,600	
Profit and loss reserves		7,345,108		7,752,966	
Total equity		<u><u>7,346,708</u></u>		<u><u>7,754,566</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 9 July 2019 and are signed on its behalf by:



B. Taylor
Director

Company Registration No. 01672130

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

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

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

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

1.2 Going concern

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

1.3 Turnover

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

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

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

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

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

Software	33% per annum straight line basis
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1.5 Tangible fixed assets

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

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

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

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

1.6 Fixed asset investments

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

1.7 Impairment of fixed assets

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

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

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

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

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

1.9 Cash at bank and in hand

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

1.10 Financial instruments

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

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

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

Basic financial assets

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1.15 Leases

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

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

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Manufactured precision engineering parts and services	9,102,928	9,324,642
	<u> </u>	<u> </u>
	2018 £	2017 £
Other significant revenue		
Sundry income	44,000	102,500
	<u> </u>	<u> </u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	8,492,400	8,553,640
Europe	610,528	483,686
Far East	-	287,316
	<u> </u>	<u> </u>
	9,102,928	9,324,642
	<u> </u>	<u> </u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

4 Operating (loss)/profit

	2018	2017
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	749,831	777,814
Depreciation of tangible fixed assets held under finance leases	128,471	80,025
Profit on disposal of tangible fixed assets	(12,500)	(10,000)
Cost of stocks recognised as an expense	3,946,198	4,114,924
Rent	60,000	180,000
Exceptional employment costs	777,835	-
	<u>777,835</u>	<u>-</u>

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	12,520	12,275
	<u>12,520</u>	<u>12,275</u>
For other services		
Other taxation services	13,685	15,000
All other non-audit services	5,505	20,130
	<u>19,190</u>	<u>35,130</u>

6 Employees

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

	2018	2017
	Number	Number
Production	61	61
Administration	31	27
	<u>92</u>	<u>88</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	2,381,257	2,494,922
Social security costs	208,463	220,506
Pension costs	89,261	60,629
	<u>2,678,981</u>	<u>2,776,057</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	22,786	12,124
Company pension contributions to defined contribution schemes	3,400	-
	<u>26,186</u>	<u>12,124</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 0).

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on finance leases and hire purchase contracts	11,301	6,221
Other interest	146,816	-
	<u>158,117</u>	<u>6,221</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	161,847	146,383
Adjustments in respect of prior periods	(108,880)	-
Total current tax	<u>52,967</u>	<u>146,383</u>
Deferred tax		
Origination and reversal of timing differences	<u>(34,331)</u>	<u>(84,724)</u>
Total tax charge	<u>18,636</u>	<u>61,659</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

9 Taxation

(Continued)

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

	2018 £	2017 £
(Loss)/profit before taxation	(263,622)	629,716
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(50,088)	119,646
Tax effect of expenses that are not deductible in determining taxable profit	176,127	5,928
Adjustments in respect of prior years	(108,880)	-
Effect of change in corporation tax rate	-	2,238
Depreciation on assets not qualifying for tax allowances	5,143	879
Research and development tax credit	-	(60,759)
Deferred tax adjustments in respect of prior years	(3,164)	(6,273)
Deferred tax effect of rate change	(502)	-
Taxation charge for the year	18,636	61,659

Reductions in the rate of UK Corporation Tax to 17% had been substantively enacted by the balance sheet date. Deferred tax had been calculated at 17%.

10 Dividends

	2018 £	2017 £
Final paid	125,600	-

11 Intangible fixed assets

	Software £
Cost	
At 1 December 2017	92,550
Additions - separately acquired	22,301
At 30 November 2018	114,851
Amortisation and impairment	
At 1 December 2017 and 30 November 2018	-
Carrying amount	
At 30 November 2018	114,851
At 30 November 2017	92,550

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

12 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 December 2017	445,838	10,757,227	202,586	102,184	11,507,835
Additions	25,207	272,456	35,744	-	333,407
Disposals	-	(329,500)	-	-	(329,500)
At 30 November 2018	471,045	10,700,183	238,330	102,184	11,511,742
Depreciation and impairment					
At 1 December 2017	314,815	6,428,824	160,832	46,760	6,951,231
Depreciation charged in the year	25,667	813,562	17,036	22,037	878,302
Eliminated in respect of disposals	-	(329,500)	-	-	(329,500)
At 30 November 2018	340,482	6,912,886	177,868	68,797	7,500,033
Carrying amount					
At 30 November 2018	130,563	3,787,297	60,462	33,387	4,011,709
At 30 November 2017	131,023	4,328,403	41,754	55,424	4,556,604

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

	2018 £	2017 £
Plant and machinery	1,227,923	1,137,894

13 Fixed asset investments

	2018 £	2017 £
Unlisted investments	359,000	359,000

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

13 Fixed asset investments

(Continued)

Movements in fixed asset investments

Investments
other than
loans
£

Cost or valuation

At 1 December 2017 & 30 November 2018

359,000

Carrying amount

At 30 November 2018

359,000

At 30 November 2017

359,000

14 Stocks

2018
£

2017
£

Raw materials and consumables

369,046

278,112

Work in progress

9,812

74,552

Finished goods and goods for resale

222,393

213,231

601,251

565,895

15 Debtors

2018
£

2017
£

Amounts falling due within one year:

Trade debtors

2,496,184

2,001,008

Amounts owed by group undertakings

29,388

-

Other debtors

814,286

1,356,054

Prepayments and accrued income

38,060

31,237

3,377,918

3,388,299

16 Creditors: amounts falling due within one year

Notes

2018
£

2017
£

Obligations under finance leases

18

336,205

288,599

Trade creditors

1,147,323

1,157,656

Corporation tax

47,733

146,532

Other taxation and social security

254,466

242,326

Accruals and deferred income

199,606

52,623

1,985,333

1,887,736

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	67,997	327,917

18 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	336,205	288,599
In two to five years	67,997	327,917
	<u>404,202</u>	<u>616,516</u>

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

19 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	20	305,781	340,112

20 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
ACAs	<u>305,781</u>	<u>340,112</u>
Movements in the year:		2018 £
Liability at 1 December 2017		340,112
Credit to profit or loss		(34,331)
Liability at 30 November 2018		<u>305,781</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2018

20 Deferred taxation

(Continued)

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

21 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	89,261	60,629

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

22 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary Shares of £1 each	100	100
1,500 Ordinary Non-Voting Shares of £1 each	1,500	1,500
	<u>1,600</u>	<u>1,600</u>

23 Financial commitments, guarantees and contingent liabilities

Bryken Limited and its parent company Bryken (Holdings) Limited are subject to a cross guarantee in favour of the bank. At 30 November 2018 the company had a maximum contingent liability under this agreement amounting to £nil (2017: £nil).

24 Operating lease commitments

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

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

	2018 £	2017 £
Within one year	282	180,282
Between two and five years	-	120,000
	<u>282</u>	<u>300,282</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

25 Related party transactions

Transactions with related parties

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

	Sale of goods	
	2018 £	2017 £
Connected company	1,600,086	1,646,004
	Management charge	
	2018 £	2017 £
Connected company	44,000	102,500

Connected companies are considered connected to Bryken Limited by virtue of a common shareholder.

The following amounts were outstanding at the reporting end date:

	2018 £
Amounts owed by related parties	
Connected company	613,322
	2017 Balance £
Amounts owed in previous period	
Connected company	613,906

26 Directors' transactions

During the year the company paid rent of £60,000 (2017: £180,000) to the director.

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

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
B. Taylor - Director	-	211,846	599,990	811,836
		211,846	599,990	811,836

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2018**

27 Ultimate controlling party

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

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

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