REPORT & ACCOUNTS 2017

T.F. & J.H. BRAIME (HOLDINGS) P.L.C.

Contents

Directors	Nicholas Braime, MA (Oxon), MBIM (Chairman) Peter Alcock, B. Eng. (Non-executive director) Andrew Walker, MA (Cantab) (Non-executive director) Alan Braime, BA (Hons), ACA Carl Braime, BSc (Hons), MSc, MBA Cielo Cartwright, BSc (Hons), ACA
Secretary	Alan Braime, BA (Hons), ACA
Registered office	Hunslet Road Leeds LS10 1JZ
Independent auditors	Kirk Newsholme Chartered Accountants and Statutory Auditors 4315 Park Approach Thorpe Park Leeds LS15 8GB
Bankers	HSBC Leeds City Branch 33 Park Row Leeds LS1 1LD
Stockbrokers	W. H. Ireland 3rd Floor, Royal House 28 Sovereign Street Leeds LS1 4BJ
Company registration number	488001 (England and Wales)

Notice of meeting

Notice is hereby given that the SIXTY EIGHTH Annual General Meeting of the members of T.F. & J.H. BRAIME (HOLDINGS) P.L.C. (the 'Company') will be held at the registered office of the Company at Hunslet Road, Leeds, LS10 1JZ on 14th June 2018 at 11.45am.

Ordinary Resolutions

1. To receive and adopt the report of the directors, the statement of accounts and the directors' remuneration report, for the year ended 31st December 2017, and the report of the auditors thereon.

2. To confirm the dividends paid on 20th October 2017 and 18th May 2018 on the Ordinary and 'A' Ordinary shares.

3. a) To re-appoint as a director Andrew Walker, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

   b) To re-appoint as a director Nicholas Braime, who is retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

   c) To re-appoint as a director Cielo Cartwright, who was appointed since the last Annual General Meeting, and being eligible, offers herself for election.

4. To re-appoint Kirk Newsholme as auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which accounts are laid.

5. To authorise the directors to set the remuneration of the auditors.

By order of the board,
Alan Braime Secretary
Hunslet Road, Leeds, LS10 1JZ

1st May 2018

Notice of meeting continued

ACCOMPANYING NOTES

1. A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not also be a member of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice.

2. To be valid, the form of proxy must be received at the Company's registered office at Hunslet Road, Leeds LS10 1JZ by no later than 11:45 am on 12th June 2018.

3. The return of a completed form of proxy will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. In accordance with the Company's Articles of Association, holders of the 'A' Ordinary shares are entitled to attend, but not to vote at this meeting.

5. There will be available for inspection at the registered office during the Company's usual business hours (Saturdays, Sundays and public holidays excluded) from the date of this notice until the date of the Annual General Meeting and for at least fifteen minutes prior to and during the meeting:

   A statement for the period of twelve months to 31st December 2017 of all transactions of each director and, so far as he can reasonably ascertain, of his family interests in the Ordinary shares of the Company.

   The service contract of each executive director, where applicable and the letter of appointment of each non-executive director.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 11.30am on 12th June 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Chairman's statement

Review of the year

I am pleased to report that the Group's sales revenue in 2017 rose by 10.7% to £31.4m from £28.4m in 2016 and the profit from operations was £2.3m, compared to £1.4m in the prior year.

After adjustments for finance income and expenses, the profit before tax is £2.2m (2016 - £1.3m). After deducting taxes of £0.6m, the profit for 2017 is £1.6m, and is significantly above the 2016 result of £0.9m.

This improvement is the direct result of the process of continuous investment in both new products and in the development and extension of overseas markets.

Growth in sales increased the amounts owing by customers by £0.7m and was only partly offset by an increase of £0.4m in the sums owed to our suppliers. After allowing for the necessary increases in working capital, the Group generated £1.5m in cash.

In 2017, the Group purchased a further £0.7m in new manufacturing equipment, continuing the strategy of investing in long term improvements in productivity. The Group have further capital investments planned for 2018 in manufacturing equipment to produce presswork, sold to external customers of Braime Pressings, and for components, sold internally to the 4B material handling division for distribution by the 4B subsidiaries. The business already has the necessary bank funding in place for these investments.

Braime Pressings Limited

The manufacturing business operates in a very competitive and demanding environment and, while revenue increased, profit for the period was unchanged. The focus has to be on continuing improvements in productivity.

4B material handling division

The subsidiaries in the material handling division all enjoyed increases in revenue, and earnings before depreciation, interest and tax (EBITDA) also increased, particularly in the second half of the year. Net margins continued to be boosted by the low value of the UK Pound Sterling which remained at relatively low levels against other major currencies throughout 2017. A weak Pound reduces the cost to our subsidiaries of UK manufactured goods and additionally the profits earned in overseas markets are increased when translated back to UK Pounds at a relatively low prevailing rate of exchange and consolidated in our Group accounts.

The overseas 4B subsidiaries have continued to increase the penetration in their own home markets but also to expand each year sales to export markets in their respective regions.

Dividends

In October 2017, the 1st interim dividend was increased to 3.10p from 2.90p in October 2016. The directors have decided to increase the 2nd interim dividend to 7.10p from 6.40p in May 2017 and this will be paid on 18th May 2018 to the holders of Ordinary and 'A' Ordinary shares on the register on 11th May 2018. The overall dividend paid on the 2017 results will therefore increase to 10.20p from the 9.30p paid on the 2016 result.

Brexit

The UK's trading position relative to the EU should finally become clearer as negotiations continue towards Brexit in March next year. In the Group we have an existing subsidiary and operation on mainland Europe and this gives us some flexibility to respond to different scenarios in what will remain a very important trade area for the business. Additionally, exports to regions outside the EU – the principal growth area for the group - already significantly outweigh sales to mainland Europe.

Staff

The successful delivery of all plans and capital investments depend ultimately on the decisions and work of individual staff across the Group and this year's very positive result is due to their ongoing efforts. We are fortunate to have so many pro-active employees and also that our staff turnover remains exceptionally small. I would like to take this opportunity to thank all our staff for their hard work and contribution during the year.

Our Group Finance Director, Paul Tiffany left us at the end of the year and we thank him for his contribution. I would also like to welcome our new Group Finance Director, Cielo Cartwright who joined us in January and was appointed to the board on 30th April 2018. Cielo has previously worked in multinational businesses and we believe this experience will benefit us as the business expands further afield.

Chairman's statement continued

Outlook

2018 has begun positively and the Group is trading above both budget and last year. Aside from the ever-present risk of an economic downturn, the major exposure of the Group is to fluctuations in the exchange rate. It is entirely possible that, as Brexit approaches, the value of the UK Pound Sterling appreciates and this is likely to have a negative effect on the Group result – hopefully only short-term as the business adapts to a new situation.

The main area of the business is the supply of goods and services to handle and process industrial, and above all, agricultural commodities. This sector is currently a growth industry with a global market. The strategy is to invest in increasing our market reach while continuing to develop new products; both tasks make up a big challenge but also represent an ongoing opportunity.

Nicholas Braime, Chairman

1st May 2018

Group strategic report

The directors present their strategic report of the Company and the Group for the year ended 31st December 2017.

Principal activities

The principal activities of the Group during the year under review was the manufacture of deep drawn metal presswork and the distribution of material handling components and monitoring equipment. Manufacturing activity is delivered through the Group's subsidiary Braime Pressings Limited and the distribution activity through the Group's 4B division.

Braime Pressings specialises in metal presswork, including deep drawing, multi-stage progression and transfer presswork. Founded in 1888, the business has over 130 years of manufacturing experience. The metal presswork segment operates across several industries including the automotive sector and supplies external as well as group customers.

The material handling components subsidiaries are industry leaders in developing high quality, innovative and dependable material handling components for the agricultural and industrial sectors. They provide a range of complementary products including elevator buckets, forged conveyor belting, designed bolts, chain, level monitors and safety control systems which facilitate handling and minimise the risk of explosion in hazardous areas. The subsidiaries in the 4B division have operations in the Americas, Europe, Asia, Australia and Africa and export to over fifty countries.

Performance highlights

For the year ended 31st December 2017, the Group generated revenue of £31.4m, up 10.7% from prior year. Profit from operations was £2.3m, up £0.9m from prior year. EBITDA was £3.1m. At 31st December 2017, the Group had net assets of £11.0m.

Cash flow

Inventories increased by £0.3m and trade receivables by £0.7m reflecting the increased sales activity. These calls on working capital were partly offset by an increase in our trade payables of £0.4m. In total the business generated funds from operations of £1.5m net of the movement in working capital. After the payment of other financial costs and the dividend, the cash balance (net of overdraft) was £1.0m.

Bank facilities

The Group's operating banking facilities are renewed annually. The arrangements with HSBC provide sufficient headroom to the Group and have allowed us to make the necessary investments in the year.

Taxation

Tax charge for the year was £0.6m, with an effective rate of tax of 28% (2016 – 33%). The effective rate is above the standard UK tax rate of 19.25% (2016 – 20%) due to the blending effect of the different rates of tax applied by each of the countries in which the Group operates. In any financial year the effective rate will depend on the mix of countries in which profits are made.

Capital expenditure

In 2017, the Group invested £0.7m in plant and equipment continuing the recent substantial investment in new manufacturing machinery. During 2018, the Group plans to make further tactical investments in key equipment to maximise productivity.

Balance sheet

Net assets of the Group have increased to £11.0m (2016 - £10.0m), this is due to the strong profit performance in the year. A foreign exchange loss of £0.5m (2016 – gain of £0.6m) was recorded on the re-translation of the net assets of the overseas operations.

Group strategic report continued

Principal exchange rates

The Group reports its results in sterling, its presentational currency. The Group operates in five other currencies and the principal exchange rates in use during the year and as at 31st December 2017 are shown in the table below. During the year the Group's profit reduced by £0.5m from losses in foreign currency translations.

Currency	Symbol	Average rate Full year 2017	Closing rate 31st Dec 2017	Closing rate 31st Dec 2016
Australian Dollar	AUD	1.692	1.728	1.703
Euro	EUR	1.143	1.127	1.165
South African Rand	ZAR	17.134	16.631	16.880
Thai Baht	THB	44.031	44.016	44.039
United States Dollar	USD	1.303	1.351	1.23

Our business model

The two segments of the Group are very different operations and serve different markets, however together they provide diversification, strength and balance to the Group.

The focus of the manufacturing business is to produce quality, technically demanding components. The use of automated equipment allows us to produce in high volumes whilst maintaining flexibility to respond to customer demands.

The material handling components business operates from a number of locations around the globe allowing us to be close to our core markets. The focus of the business is to provide innovative solutions drawing on our expertise in material handling and access to a broad product range.

Performance of Braime Pressings Limited, manufacturer of deep drawn metal presswork

Revenue grew during 2017 in our manufacturing division, however, profit for period was £0.1m (2016 - £0.1m). The manufacturing arm continues to face pricing pressures in a highly competitive environment.

Performance of the 4B division, world wide distributor of components and monitoring systems for the material handling industry

The combined revenues of our subsidiaries grew strongly in 2017 up £3.0m on prior year, which has fed through to EBITDA. The growth reflects the Group's investment in this division's activities over the past three years.

The outlook for 2018 remains positive and we look to further growth across all subsidiaries.

Group strategic report continued

Key performance indicators

The Group uses the following key performance indicators to assess the performance of the Group as a whole and of the individual businesses:

Key performance indicator	Note	2017	2016
Turnover growth	1	10.7%	7.3%
Gross margin	2	46.4%	45.3%
Operating profit	3	£2.34m	£1.39m
Stock days	4	136 days	144 days
Debtor days	5	58 days	55 days

Notes to KPI's

1. Turnover growth

The Group aims to increase shareholder value by measuring the year on year growth in Group revenue. We are pleased with the level of growth achieved during 2017.

2. Gross margin

Gross profit (revenue less change in inventories and raw materials used) as a percentage of turnover is monitored to maximise profits available for reinvestment and distribution to shareholders. The year on year improvement in margin has resulted from operational efficiency and gains from movement in foreign exchange rates.

3. Operating profit

Sustainable growth in operating profit is a strategic priority to enable ongoing investment and increase shareholder value. Year on year improvement in operating profits resulting from the improvement in gross margin and also efficient cost control over operating expenses.

4. Stock days

The average value of stock divided by the cost of goods sold expressed as a number of days is monitored to ensure the right level of stocks are held in order to meet customer demands whilst not carrying excessive amounts which impacts upon working capital requirements. Increased sales demand close to the year end has lowered stock days.

5. Debtor days

The average value of debtors divided by revenue expressed as a number of days. This is an important indicator of working capital requirements. Debtor days still average within the standard payment terms of 60 days, however senior management are focused on reducing this to improve cash.

Other metrics monitored weekly or monthly include Quality measures (such as customer complaints), raw materials buying prices, capital expenditure, line utilisation, reportable accidents and near-misses.

Principal risks and uncertainties

The market remains challenging for our manufacturing division, due to pricing pressures throughout the supply chain. The maintenance of the TS16949 quality standard is important to the Group and allows it to access growing markets within the automotive and other sectors. A process of continual improvement in systems and processes reduces this risk as well as providing increased flexibility to allow the business to respond to customer requirements.

Our 4B division maintains its competitive edge in a price sensitive market through the provision of engineering expertise and by working closely with our suppliers to design and supply innovative components of the highest standard. In addition, ranges of complementary products are sold into different industries. The monitoring systems are developed and improved on a regular basis.

The directors receive monthly reports on key customer and operational metrics from subsidiary management and review these. The potential impact of business risks and actions necessary to mitigate the risks, are also discussed and considered at the monthly board meetings. The more significant risks and uncertainties faced by the Group are set out below:-

- **Raw material price fluctuation:-** The Group is exposed to fluctuations in steel and other raw material prices and to mitigate this volatility, the group fixes its prices with suppliers where possible.

Group strategic report continued

- **Reputational risk:-** As the Group operates in relatively small markets any damage to, or loss of reputation could be a major concern. Rigorous management attention and quality control procedures are in place to maximise right first time and on time delivery. Responsibility is taken for ensuring swift remedial action on any issues and complaints.

- **Damage to warehouse or factory:-** Any significant damage to a factory or warehouse will cause short-term disruption. To mitigate these risks, the Group has arrangements with key suppliers to step up supply in the event of a disruption.

- **Brexit impact:-** The Group, along with other businesses, faces economic and political uncertainty in the future resulting from the UK vote to leave the EU. However, the directors consider that its operations in Europe provide the group with further trading options and the fact that 56% of the Group's revenues are derived from markets outside the EU provides the Group with some resilience to any impact.

- **Economic fluctuations:-** The Group derives a significant proportion of its profits from outside the UK and is therefore sensitive to fluctuations in the economic conditions of overseas operations including foreign currency fluctuations.

Financial instruments

The operations expose it to a variety of financial risks including the effect of changes in interest rates on debt, foreign exchange rates, credit risk and liquidity risk.

The Group does not have material exposure in any of the areas identified above.

The Group's principal financial instruments comprise sterling and foreign cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from operations.

The main risks arising from the Group's financial instruments can be analysed as follows:

Price risk
The Group has no significant exposure to securities price risk, as it holds no listed equity instruments.

Foreign currency risk
The Group has a centralised treasury function which manages the Group's banking facilities and all lines of funding. Forward contracts are used to hedge against foreign exchange differences arising on cash flows in currencies that differ from the operational entity's reporting currency.

Credit risk
The Group's principal financial assets are bank balances, cash and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is mitigated by a stringent management of customer credit limits by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Group also has credit insurance in place. The amounts presented in the balance sheet are net of allowance for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk
The Group's policy has been to ensure continuity of funding through acquiring an element of the Group's fixed assets under finance leases and arranging funding for operations via medium-term loans and overdrafts to aid short term flexibility.

Cash flow interest rate risk
Interest rate bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Group's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows.

Group strategic report continued

The directors monitor the level of borrowings and interest costs to limit any adverse affects on financial performance of the Group.

Health and safety

We maintain healthy and safe working conditions on our sites and measure our ability to keep employees and visitors safe. We continuously aim to improve our working environments to ensure we are able to provide a safe occupational health and safety standards to our employees and visitors. The directors receive monthly H&S reports and we carry out regular risk management audits to identify areas for improvement and to minimise safety risks.

Business ethics and human rights

We are committed to conducting our business ethically and responsibly, and treating employees, customers, suppliers and shareholders in a fair, open and honest manner. As a business, we receive audits by both our independent auditors and by our customers and we look to source from suppliers who share our values. We encourage our employees to provide feedback on any issues they are concerned about and have a whistle-blowing policy that gives our employees the chance to report anything they believe is not meeting our required standards.

The Group is similarly committed to conducting our business in a way that is consistent with universal values on human rights and complying with the Human Rights Act 1998. The Group gives appropriate consideration to human rights issues in our approach to supply chain management, overseas employment policies and practices. Where appropriate, we support community partnering.

Environment

The Group's policy with regard to the environment is to understand and effectively manage the actual and potential environmental impact of our activities. Operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. The Group continuously looks for ways to harness energy reduction (electricity and gas) and water. During the period of this report the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Social and community matters

We recognise our responsibility to work in partnership with the communities in which we operate and we encourage active employee support for their community in particular, in aid of technical awareness and training. During the year, we participated in a number of education events encouraging interest in engineering in young people. It is our policy not to provide political donations.

Employees

The quality and commitment of our people has played a major role in our business success. This has been demonstrated in many ways, including improvements in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements. Employee performance is aligned to the achievement of goals set within each subsidiary and is rewarded accordingly. Employees are encouraged to use their skills to best effect and are offered training either externally or internally to achieve this. As a global business, the Group fully recognises and seeks to harness the benefits of diversity within its work force.

Research and development

The Group continues to invest in research and development. This has resulted in improvements in the products which will benefit the Group in the medium to long term.

On behalf of the board

Nicholas Braime, Director

1st May 2018

Corporate governance report

The Company is listed on AIM and whilst it is not required to comply with the Corporate Governance Code 2014, nevertheless the Group applies those principles of good governance it believes appropriate to a group of this size.

Board of directors

The board is responsible for the overall operations of the Group, including strategic planning, approval of the annual budget, changes to the Group's financing arrangements, acquisition and disposals, material contract and significant capital expenditure. It meets monthly to discuss reports from the overseas operations and to assess and action areas of significant change, risks and opportunities for the Group.

The composition of the board during the year are the directors listed in the Directors' report.

Nicholas Braime was appointed Chairman in 1987. He joined the Group in 1972 and was instrumental in the set-up of the 4B division's USA business in 1984, where he spent a number of years before returning as Sales Director for Braime Pressings Limited. Nicholas is also the Group Managing Director and is responsible for overseeing the overseas subsidiaries, with the managing directors of these businesses reporting to Nicholas.

Alan Braime is the Group Commercial Director. Alan qualified as a chartered accountant with KPMG where he worked for four years before joining the Group. Alan joined the board in 2010. Alan oversees the commercial operations of Braime Pressings Limited and is also responsible for the Group's IT operations and strategy.

Carl Braime is the Group Sales Director. Carl joined the Group in 2003 and spent a number of years in South America with the Group prior to being appointed to the board in 2010. He is responsible for overseeing strategic customer relationships, as well as the management of key supply chains in the 4B division.

Paul Tiffany, Group Finance Director, a chartered accountant with KPMG, worked in variety of owner managed businesses and listed conglomerates. He resigned from the board in December 2017.

Cielo Cartwright, our new Group Finance Director, joined the Group in January 2018 and was appointed to the board on 30th April 2018. Cielo qualified as a chartered accountant with EY in 1992 and has been divisional finance director in various public listed companies including KCOM plc and NEXT plc and has considerable international experience. Before joining the Group, she was at Froneri, a JV of Nestle SA.

Andrew Walker, non-executive, is a corporate lawyer. He was the Managing Partner of Simpson Curtis, Senior Partner of Pinsent Curtis, Leeds and former President of the Leeds Chamber of Commerce. Andrew has held a number of non-executive and trustee roles and is also a non-executive director of Clugston Group Limited.

Peter Alcock, non-executive, is a mechanical engineer and brings a deep understanding of engineering processes having been, for 32 years, director of Hunslet Holdings PLC, a key manufacturer of locomotives, mining equipment and machine tools originally founded in 1864 and whose operations now form part of the Wabtec Corporation in the US.

Board committees

Remuneration committee

The executive directors' pay is subject to the decision of the whole board and not of a separate committee. Any significant awards to senior management are also discussed by the whole board. The Company's policy on directors' remuneration is discussed further in the directors' remuneration report. The directors believe this is adequate for a group of this size.

Audit and risk committee

The whole board formally receives presentation of audit and risk matters from the Group's independent auditors at least once a year. The consideration of business risks is a standing item on the board's agenda. The board considers that the size of the group does not justify an internal audit function but continues to keep the need for an internal audit function under review.

Directors' report

The directors present their annual report and financial statements for the year ended 31st December 2017.

RESULTS AND DIVIDENDS

The profit for the year after taxation and transferred to reserves was £1,580,000 (2016 – £855,000). No dividend is to be proposed at the Annual General Meeting.

DIRECTORS

The directors who served during the year and their beneficial interests in the shares of the Company are detailed below:

	31st December 2017	1st January 2017
Nicholas Braime		
Ordinary shares	**143,400**	143,400
Peter Alcock		
Ordinary shares	**1,000**	1,000
'A' Ordinary shares	**5,000**	5,000
Andrew Walker		
Ordinary shares	**100**	100
'A' Ordinary shares	**300**	300
Alan Braime		
Ordinary shares	**35,175**	35,175
Carl Braime		
Ordinary shares	**35,175**	35,175

In accordance with the Company's Articles of Association Andrew Walker retires by rotation and, being eligible, offers himself for re-election.

In accordance with the Company's Articles of Association Nicholas Braime retires by rotation and, being eligible, offers himself for re-election.

Paul Tiffany, Group Finance Director resigned his position from the board on 18th December 2017. Cielo Cartwright, our new Group Finance Director, was appointed on 30th April 2018 and, being eligible, offers herself for election.

None of the directors had a beneficial interest in any contract to which the Company or a subsidiary company was a party during the financial year.

The Company has made qualifying third party indemnity provisions for the benefit of its directors and officers. The indemnity was in force throughout the tenure of each director during the year and is currently in force. The Company also maintains Directors' and Officers' liability insurance in respect of itself and its directors.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified that as at 8th April 2018, apart from the directors, only the following persons are beneficially interested in more than 3% of the Ordinary shares of the Company:

	Ordinary shares held	**Percentage**
Hargreave Hale Nominees Limited A/C LON	71,000	14.79%
Hargreaves Lansdown (Nominees) Limited A/C HLNOM	29,362	6.12%
Mrs P. V. Smith	27,500	5.73%
Ferlim Nominees Limited Des. POOLED	26,083	5.43%
W B Nominees Limited A/C ISAMAX	18,466	3.85%
Mr. M. C. J. Barnes	16,555	3.45%

Directors' report continued

INTERNAL CONTROLS

The board is responsible for the Group's system of internal control and reviewing its effectiveness. Identification and evaluation of risks is an integral part of the board's planning process. Controls within the Group are designed to provide the board with reasonable assurance regarding the maintenance of proper accounting records, the reliability of financial information and the safeguarding of assets. The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material loss or misstatement. The board considers that the size of the Group does not justify an internal audit function, but continues to keep the need for an internal audit function under review. The board has conducted a review of the effectiveness of the Company's risk management and internal control systems.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group strategic report on pages 8 to 12. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Group strategic report. In addition, note 17 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Growth is being seen in many of the geographic areas in which the Group operates. The exchange rate between sterling, the US dollar and the euro and the price of raw materials creates uncertainty over the future gross margin of the Group.

The Group's net cash figure increased from an opening figure of £0.7m to £1.0m as at 31st December 2017.

During the period the Group funding of working capital increased by £0.7m principally arising from an increase in inventory and trade and other receivables which were only partly offset by increases in trade and other payables. Overall cash derived from operating activities generated £1.5m (2016 - £1.9m) net of the increased working capital funding.

At 31st December 2017, the available headroom within the Group's borrowing facilities amounted to £1.6m. The directors are of the continued view that through its Group banking partner it has sufficient access to financial resources.

The Group has contracts with a number of customers and suppliers across different geographic areas and industries which act to mitigate the volatility in any one area. The Group's forecasts and projections, taking account reasonably possible changes in trading performance, show that there is no substantial risk that the Group will not be able to operate within the level of its current facilities.

After due consideration, the directors confirm that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's and the Group's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report, the directors' report, the directors' remuneration report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the rules of the London Stock Exchange for companies trading on the AIM. The directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice. 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 Group and the Company and of the profit or loss of the Group for that period.

Directors' report continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES continued

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;
- state whether applicable United Kingdom Accounting Standards have been followed by the parent Company and applicable IFRSs as adopted by the European Union have been followed by the Group, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the directors at the date of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

SUBSCRIPTIONS AND DONATIONS

Charitable donations amounting to £10,000 (2016 - £1,000) were paid during the year. There were no donations to political organisations.

AUDITORS

A resolution proposing Kirk Newsholme be re-appointed as auditors of the Company will be put to the Annual General Meeting.

By order of the board
Nicholas Braime, Director

1st May 2018

Directors' remuneration report

INFORMATION NOT SUBJECT TO AUDIT

The purpose of this report is to inform shareholders of the Company's policy with regard to executive remuneration and to provide full details of the salary and other benefits received by individual directors. The directors have adopted the principles of good governance as set out in the Combined Code and the Directors' Remuneration Report Regulations 2002. However, following the Company's move to AIM compliance with this report is no longer mandatory.

Remuneration committee

Executive directors' pay is subject to the decision of the whole board and not of a separate remuneration committee. The directors believe that this is adequate for a Group of this size.

Statement of Company's policy on directors' remuneration

The board's policy is that the remuneration of the directors should reflect market rates applicable to a business of its size and complexity. This information is assessed by the board based on their commercial contacts within the industry and the local business community. It is intended that this policy will remain in place for the following financial year and subsequent periods.

There are no formal performance related elements, entitlements to share options or entitlements under long-term incentive plans in directors' remuneration. All employees of the Group, including directors, may however receive a discretionary bonus which reflects the results of the Group.

The only elements of directors' remuneration that are pensionable are salaries.

There are no performance conditions relating to the non-executive directors' fees.

Service contracts

Other than Paul Tiffany, when he held office, and Cielo Cartwright, the executive directors do not have service contracts with the Company or its subsidiaries. The executive directors are subject to election by the shareholders at the first Annual General Meeting following their appointment and thereafter at least at every third subsequent Annual General Meeting. No compensation other than that prescribed by legislation is payable on termination of their employment.

Peter Alcock's service contract, as a non-executive director, expires annually on 10th January. The renewal of this contract is subject to approval of the whole board and has been approved for a further twelve months to 10th January 2019.

The renewal of Andrew Walker's service contract is subject to approval of the whole board and has been previously approved until 30th March 2019.

Directors' remuneration report continued

INFORMATION SUBJECT TO AUDIT

Directors' remuneration

The remuneration of the individual directors who served during the period was as follows:

	Fees £'000	Salary £'000	Estimated taxable value of benefits in kind £'000	**Total 2017 £'000**	Total 2016 £'000	Pension contributions **2017 £'000**	Pension contributions 2016 £'000
Executive directors							
Nicholas Braime	-	194	4	**198**	187	**-**	-
Alan Braime	-	104	1	**105**	99	**14**	11
Carl Braime	-	104	1	**105**	99	**14**	11
Paul Tiffany	-	106	1	**107**	14	**7**	1
Marcus Mills	-	-	-	**-**	24	**-**	6
Peter Alcock	27	-	-	**27**	26	**-**	-
Andrew Walker	27	-	-	**27**	26	**-**	-
	54	508	7	**569**	475	**35**	29
Paid by the Company	54			**54**	51		

The estimated taxable value of benefits in kind includes private medical cover. Pension contributions represent amounts paid to defined contribution pension schemes.

Approval

The directors' remuneration report was approved by the board on 1st May 2018.

Nicholas Braime, Director

Independent auditors’ report

TO THE MEMBERS OF T.F. & J.H. BRAIME (HOLDINGS) P.L.C.

Opinion on financial statements of T.F. & J.H. Braime (Holdings) P.L.C.

We have audited the financial statements of T.F. & J.H. Braime (Holdings) P.L.C. (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated cash flow statement, the Consolidated and Company statements of changes in equity and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 as applied to SME listed entities and we have fulfilled our 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 to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Independent auditors' report continued

Key audit matters

Key audit matter are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Inventories
Risk description: This risk concerns the carrying value of inventories of £6,431,000 (2016 - £6,119,000) as shown in note 10.

Management judgement is applied to determining the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current location and physical condition in the manufacturing segment of the business. This primarily relates to the assessment of direct labour costs and manufacturing overheads to be absorbed and other relevant production costs. The total value of work-in-progress and finished goods inventory held by the manufacturing segment of the group into which such costs would have been absorbed amounted to £239,000 (2016 - £231,000).

As described in note 1.19; inventories are carried at the lower of cost and net realisable value. Establishing impairment provisions for slow-moving, obsolete and damaged inventories to reduce inventories to their net realisable value involves judgements and estimates to be made by management. The group has consistently adopted a policy of making impairment provisions based upon the ageing of inventories. The income statement for the year ended 31 December 2017 includes an inventory impairment charge of £26,000 (2016 - £158,000) as disclosed in note 10.

Given the level of judgement and estimation involved in determining cost and net realisable value this risk was identified by us as one of the most significant risks of material misstatement.

Our response: We performed the following audit procedures:

- on a sample basis agreed the cost of raw materials (manufacturing segment) and bought in components (distribution segment) to third party invoices and where these were denominated in foreign currencies reviewed the reasonableness of the exchange rates used to translate these invoices.
- for work in progress and finished goods held in the manufacturing segment we have for a sample of items obtained the product costings and tested the underlying costs within each item selected. We also challenged the key assumptions concerning overhead absorption by assessing the appropriateness of costs included in the calculation.
- reviewed the overheads absorbed by the manufacturing segment to determine whether they were allowable under IAS 2 and appropriately recognised. We agreed the estimated overheads to actual overheads incurred in the year to assess whether they were materially different.
- assessed the net realisable value (NRV) of a sample of inventory items by agreeing their subsequent sales price to customer invoices to ensure that the items were being held at the lower of cost and net realisable value.
- observed the condition of inventories when we and the firm we instructed to assist us attended stock counts (see existence of inventory risk section below).
- gained an understanding of the movements in the inventory impairment provision year on year and assessed the scale of the provision in comparison to gross inventory value to determine whether there were any unusual movements.
- performed procedures to ensure that inventory impairment provisions were calculated in line with the group's inventory provisioning policy. Procedures included reviewing the provisions and verifying ageing data.

Key observations: From the work performed we consider that that the inventory shown in the group financial statements is appropriately valued and that the impairment provision in respect of inventories has been consistently applied and is appropriate.

Independent auditors' report continued

Existence of inventories
Risk description: This risk concerns the existence of inventories of £6,431,000 (2016 - £6,119.000) as shown in note 10. £1,412,000 (2016 - £1,804,000) representing 22% (2016 - 29%) of the group's inventories are held in the USA (4B Elevator Components Limited) where no year-end physical count is undertaken for all items of inventory. Instead a rolling perpetual count system is employed; however there does not appear to be a formal system in place to ensure the regular counting of significant balances and to ensure that all lines of inventory are counted at least once a year. Given the significance of this level of inventory to the group and the factors above we have assessed the existence of inventories in the USA as being one of significance to our audit.

Our response: We instructed a firm of Certified Public Accountants (CPAs) based in the USA to attend the premises in the USA to carry out agreed upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants. This included physically test counting a sample of items selected in advance by ourselves from 4B Elevator Components Limited's inventory system together with the selection of additional items chosen by them to physically count and compare to that company's inventory records. We followed through the test counts carried out by ourselves and the firm of CPAs to that company's final inventory valuations.

Key observations: From the work performed we consider that that the inventory shown in the group financial statements relating to 4B Elevator Components Limited mentioned above exists.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality £274,000 (2016 - £230,000).

Basis for determining materiality: Arithmetic average of 1% of group turnover and 1% of gross assets.

Rationale for benchmark applied: As a trading group this reflects the level of activity (turnover) and the fixed and working capital intensive nature of the business (gross assets). We believe that these measures and the percentages applied are widely used for groups of this size and nature.

Component materiality: For each component in our audit scope, we allocated a materiality that is less than our overall group materiality. The range of materiality across components ranged from £80,000 to £149,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

Performance materiality to drive the extent of our testing for each component in our audit scope was set at 80% of component materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £11,650 (2016 - £11,500) as well as 'clearly trivial' misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report continued

An overview of the scope of our audit

T.F. & J.H. Braime (Holdings) P.L.C., Braime Pressings Limited, 4B Elevator Components Limited and 4B Braime Components Limited are companies incorporated in England and Wales on which we are engaged to perform an audit under ISAs (UK). These components comprised 74% of group turnover, 94% of group profit before tax and 76% of group gross assets.

4B Africa Elevator Components (Proprietary) Limited and 4B Asia Pacific Company Limited have had audits performed by component auditors in accordance with local legislation. These components were not individually significant enough to require an audit for group reporting purposes but a review was performed by us appropriate to the size and risk profile of these components. This included obtaining and reviewing an audit procedures questionnaire for 4B Africa Elevator Components (Proprietary) Limited and analytical review procedures in relation to 4B Asia Pacific Company Limited. These components comprised 7% of group turnover, minus 9% of group profit before tax (because of losses) and 9% of group gross assets.

Neither 4B France Sarl nor 4B Australia PTY Limited are required by local legislation to have audits performed. We carried out our own detailed audit procedures on these components sufficient to conclude that there were no significant risks of material misstatement in the group financial statements. These components comprised 19% of group turnover, 15% of group profit before tax and 15% of group gross assets.

We engaged a firm of CPAs in USA to attend the stock count of 4B Braime Components Limited and a firm of Chartered Accountants in Australia to attend the stock count of 4B Australia PTY Limited.

At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of components that were not subject to audit by us.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and accounts set out on pages 4 to 7, 13, 17 and 64 to 65, 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 thereon.

In connection with the 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 matters prescribed by the Companies Act 2006

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

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

Independent auditors' report continued

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on pages 15 and 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other matters

The company voluntarily prepares a directors' remuneration report in accordance with the provisions of the Companies Act 2006. The directors have requested that we audit the part of the directors remuneration report specified by the Companies Act 2006 to be audited as if the company were a listed company. In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Neill Rayland BA FCA
(Senior Statutory Auditor)
For and on behalf of **Kirk Newsholme**
Chartered Accountants and Statutory Auditors
4315 Park Approach
Thorpe Park
Leeds
LS15 8GB

1st May 2018

Consolidated income statement
for the year ended 31st December 2017

	Note	2017 £'000	2016 £'000
Revenue	3	**31,449**	28,415
Changes in inventories of finished goods and work in progress		**114**	337
Raw materials and consumables used		**(16,955)**	(15,891)
Employee benefits costs	6	**(7,449)**	(6,726)
Depreciation and amortisation expense		**(803)**	(801)
Other expenses		**(4,015)**	(3,940)
Profit from operations	2	**2,341**	1,394
Finance expense	4	**(143)**	(150)
Finance income	4	**3**	30
Profit before tax		**2,201**	1,274
Tax expense	5	**(621)**	(419)
Profit for the year		**1,580**	855
Profit attributable to:			
Owners of the parent		**1,719**	932
Non-controlling interests		**(139)**	(77)
		1,580	855
Basic and diluted earnings per share	18	**109.73p**	59.34p

Consolidated statement of comprehensive income
for the year ended 31st December 2017

	Note	2017 £'000	2016 £'000
Profit for the year		**1,580**	855
Items that will not be reclassified subsequently to profit or loss			
Net pension remeasurement gain on post employment benefits	19.10	**45**	10
Items that may be reclassified subsequently to profit or loss			
Foreign exchange (losses)/gains on re-translation of overseas operations		**(472)**	598
Other comprehensive income for the year		**(427)**	608
Total comprehensive income for the year		**1,153**	1,463
Total comprehensive income attributable to:			
Owners of the parent		**1,299**	1,540
Non-controlling interests		**(146)**	(77)
		1,153	1,463

The foreign currency movements arise on the re-translation of overseas subsidiaries' opening balance sheets at closing rates.

The notes on pages 28 to 55 form part of these financial statements

Consolidated balance sheet
at 31st December 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Assets					
Non-current assets					
Property, plant and equipment	7	5,238		5,358	
Intangible assets	8	58		12	
Total non-current assets			5,296		5,370
Current assets					
Inventories	10	6,431		6,119	
Trade and other receivables	11	5,911		5,213	
Financial assets	9	-		52	
Cash and cash equivalents		1,145		742	
Total current assets			13,487		12,126
Total assets			18,783		17,496
Liabilities					
Current liabilities					
Bank overdraft		164		-	
Trade and other payables	12	4,391		4,181	
Other financial liabilities	13	1,983		1,730	
Corporation tax liability		195		147	
Total current liabilities			6,733		6,058
Non-current liabilities					
Financial liabilities	14	988		1,361	
Deferred income tax liability	15	87		118	
Total non-current liabilities			1,075		1,479
Total liabilities			7,808		7,537
Total net assets			10,975		9,959
Capital and reserves attributable to equity holders of the parent Company					
Share capital	16		360		360
Capital reserve			257		257
Foreign exchange reserve			74		539
Retained earnings			10,633		9,006
Total equity attributable to the shareholders of the parent			11,324		10,162
Non-controlling interests			(349)		(203)
Total equity			10,975		9,959

The financial statements on pages 24 to 55 were approved and authorised for issue by the board of directors on 1st May 2018 and were signed on its behalf by:

Nicholas Braime Director

Alan Braime, Director

Company Registration Number 488001

The notes on pages 28 to 55 form part of these financial statements

Consolidated cash flow statement

for the year ended 31st December 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Operating activities					
Net profit			**1,580**		855
Adjustments for:					
Depreciation and amortisation	7 & 8	**803**		801	
Grants amortised		**-**		(6)	
Foreign exchange (losses)/gains		**(443)**		525	
Finance income	4	**(3)**		(30)	
Finance expense	4	**143**		150	
Loss/(gain) on sale of land and buildings, plant, machinery and motor vehicles		**4**		(13)	
Adjustment in respect of defined benefits scheme		**45**		12	
Income tax expense	5	**621**		420	
Income taxes paid		**(617)**		(492)	
			553		1,367
Operating profit before changes in working capital and provisions			**2,133**		2,222
Increase in trade and other receivables		**(698)**		(208)	
Increase in inventories		**(312)**		(400)	
Increase in trade and other payables		**356**		272	
			(654)		(336)
Cash generated from operations			**1,479**		1,886
Investing activities					
Purchases of property, plant, machinery and motor vehicles and intangible assets		**(618)**		(999)	
Sale of land and buildings, plant, machinery and motor vehicles		**14**		13	
Interest received		**3**		28	
			(601)		(958)
Financing activities					
Proceeds from long term borrowings		**165**		-	
Loan financing repayments		**52**		57	
Repayment of borrowings		**(329)**		(102)	
Repayment of hire purchase creditors		**(247)**		(176)	
Interest paid		**(143)**		(150)	
Dividends paid		**(137)**		(131)	
			(639)		(502)
Increase in cash and cash equivalents			**239**		426
Cash and cash equivalents, beginning of period			**742**		316
Cash and cash equivalents, end of period	21		**981**		742

The notes on pages 28 to 55 form part of these financial statements

Consolidated statement of changes in equity

for the year ended 31st December 2017

	Note	Share Capital £'000	Capital Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000	Non-Controlling Interests £'000	Total Equity £'000
Balance at 1st January 2016		360	257	(59)	8,195	8,753	(126)	8,627
Comprehensive income								
Profit		-	-	-	932	932	(77)	855
Other comprehensive income								
Net pension remeasurement gain recognised directly in equity	19	-	-	-	10	10	-	10
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations		-	-	598	-	598	-	598
Total other comprehensive income		-	-	598	10	608	-	608
Total comprehensive income		-	-	598	942	1,540	(77)	1,463
Transactions with owners								
Dividends	18	-	-	-	(131)	(131)	-	(131)
Total transactions with owners		-	-	-	(131)	(131)	-	(131)
Balance at 1st January 2017		**360**	**257**	**539**	**9,006**	**10,162**	**(203)**	**9,959**
Comprehensive income								
Profit		**-**	**-**	**-**	**1,719**	**1,719**	**(139)**	**1,580**
Other comprehensive income								
Net pension remeasurement gain recognised directly in equity	19	**-**	**-**	**-**	**45**	**45**	**-**	**45**
Foreign exchange gains on re-translation of overseas subsidiaries consolidated operations		**-**	**-**	**(465)**	**-**	**(465)**	**(7)**	**(472)**
Total other comprehensive income		**-**	**-**	**(465)**	**45**	**(420)**	**(7)**	**(427)**
Total comprehensive income		**-**	**-**	**(465)**	**1,764**	**1,299**	**(146)**	**1,153**
Transactions with owners								
Dividends	18	**-**	**-**	**-**	**(137)**	**(137)**	**-**	**(137)**
Total transactions with owners		**-**	**-**	**-**	**(137)**	**(137)**	**-**	**(137)**
Balance at 31st December 2017		**360**	**257**	**74**	**10,633**	**11,324**	**(349)**	**10,975**

The capital reserve arose on the listing of the Company's shares on the London Stock Exchange and the cancellation of the 180,000 5% Cumulative Preference shares at a redemption price of £1.125 per share. The foreign exchange reserve relates to the differences arising on the re-translation of overseas subsidiaries consolidated within the Group financial statements. The retained earnings reserve includes the accumulated profit and losses of the Group.

There was no movement in the share capital of the Company.

Notes to the accounts

1. ACCOUNTING POLICIES

1.1 General company information

T.F. & J.H. Braime (Holdings) P.L.C. ('the Company') and its subsidiaries (together 'the Group') manufacture metal presswork and handle the distribution of bulk material handling components through trading from locations in Australia, England, France, South Africa, Thailand and the United States.

The Company is incorporated and domiciled in the UK. The Company's registered number is 488001. The address of its registered office is Hunslet Road, Leeds, LS10 1JZ.

The Company is a public limited company and has its primary listing on the AIM division of the London Stock Exchange.

The Group consolidated financial statements were authorised for issue by the board on 1st May 2018.

1.2 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in paragraph 1.3 below entitled critical accounting estimates and assumptions.

The Company has elected to prepare its parent company financial statements in accordance with UK GAAP; these are presented on pages 56 to 63.

1.3 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Inventory
Inventories are stated at the lower of cost and net realisable value. The group establishes an impairment provision for inventory estimated to realise a lower value than cost. When calculating the impairment provision, management considers the nature and condition of the inventory as well as applying assumptions around the saleability of stock and its estimated selling value less cost expected to be incurred and sell the item. The directors also consider the purchase history of the inventory items to assess whether the items remain in use.

Cost of work in progress and finished goods
The Group values the work in progress and finished goods inventory of its manufacturing segment at the cost of direct materials and labour plus attributable overheads and certain administrative costs based on normal levels of activity. When calculating overhead absorption rates, management considers the percentage of costs that are directly attributable to bringing inventory to its present location and condition, and estimated wastage based on historical experience and through knowledge of the business.

Useful economic lives of property, plant and equipment
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Notes to the accounts continued

Retirement benefit obligations
The Group operates a defined benefit pension scheme (note 19). Asset valuations are based on the fair value of the assets. The valuation of the liabilities of the scheme are based on statistical and actuarial calculations, using various assumptions including discount rates, future salary and pension increases, life expectancy of scheme members and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes in factors assessed. Any of these differences could impact the assets or liabilities recognised in the balance sheet in future periods.

1.4 Changes to accounting policy and disclosure

(a) New and amended standards adopted by the Group.

The Group has adopted the following new and amended IFRS's as of 1st January 2017:

- Amendment to IAS 12, 'Recognition of deferred tax assets for unrealised losses'; effective on or after 1st January 2017.
- Amendment to IAS 7, 'Disclosure initiative'; effective on or after 1st January 2017.
- Annual improvements to IFRS's 2014-16 cycle IFRS12; effective on or after 1st January 2017.

The impact of these new and amended IFRS's has not had a material impact on these financial statements.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January 2017 and not early adopted.

- Annual improvements to IFRS's 2014-16 cycle IFRS1 and IAS 28; effective on or after 1st January 2018.
- IFRS 15, 'Revenue from contracts with customers'; effective on or after 1st January 2018.
- Clarifications to IFRS 15, 'Revenue from contracts with customers'; effective on or after 1st January 2018.
- Amendments to IFRS 2, 'Classification and measurements of share-based payment transactions'; effective on or after 1st January 2018.
- Amendments to IAS 40, 'Transfer of investment property'; effective on or after 1st January 2018
- IFRIC Interpretation 22, 'Foreign currency transactions and advance consideration'; effective on or after 1st January 2018.
- IFRS 9, 'Financial instruments'; effective on or after 1st January 2018.
- Amendments to IFRS 4, 'Applying IFRS 9 financial instruments with IFRS 4 insurance contracts'; effective on or after 1st January 2018.
- Amendments to IFRS 9, 'Prepayment features with negative compensation'; effective on or after 1st January 2018.
- IFRS 16, 'Leases'; effective on or after 1st January 2019.
- IFRIC Interpretation 23, 'Uncertainty over income tax treatments'; effective on or after 1st January 2019.
- Amendments to IAS 28, 'Long-term interest in associates and joint ventures'; effective on or after 1st January 2019.
- IFRS 17, 'Insurance contracts'; effective on or after 1st January 2019.

Other than in respect of the application of IFRS 16, the application and interpretations surrounding the other standards is not expected to have a material impact on the Group's reported financial performance or position. However, they may give rise to additional disclosures being made in the financial statements.

As referred to in note 20, the Group has outstanding commitments under non-cancellable operating leases, which as at 31st December 2017 totalled £646,000. Upon the application of IFRS 16 the Group will be obliged to recognise an asset reflecting the right to use the leased assets for the lease term, and a lease liability initially calculated as the present value of the lease payments, discounted at the rate implicit in the lease. The right of use assets will initially be recognised at cost and then amortised over the life of the lease, with cost expected to approximate to the amount of the initial measurement of the lease liabilities.

1.5 Revenue

Revenue arises solely from sale of goods net of local taxes.

Revenue is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on delivery.

Notes to the accounts continued

1.6 Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The consolidated financial statements of T.F. & J.H. Braime (Holdings) P.L.C. incorporate the financial statements of the parent company as well as those entities controlled by the Group by full consolidation.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquireee over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Where losses are accumulated, all earnings and losses of the subsidiaries are attributed to the parent and the non-controlling interest in proportion to their ownership.

1.7 Foreign currency

T.F. & J.H. Braime (Holdings) P.L.C. consolidated financial statements are presented in sterling (£), which is also the functional currency of the Company.

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the month end exchange rates as an approximation to that prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end exchange rates are recognised in the income statement under 'other income' or 'other expenses', respectively.

In the consolidated financial statements, all separate financial statements of subsidiaries originally presented in a currency different from the Group's presentation currency, have been converted into sterling. Assets and liabilities have been translated into sterling at the closing rate at the balance sheet date. Income and expenses have been converted into the Group's presentation currency using average rates of exchange. Any differences arising from this procedure have been charged/(credited) to the currency translation reserve in equity.

Notes to the accounts continued

1.8 Financial assets

The Group considers that its financial assets comprise loans and receivables only. These assets are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables) but also incorporate other types of contractual monetary assets. They are carried at cost less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial assets are recognised when the Group enters into a contractual agreement with a third party through an instrument. All interest received is recognised as finance income in the income statement.

1.9 Financial liabilities

The Group's financial liabilities include bank loans and overdrafts, other loans, trade and other payables, finance leasing liabilities and forward currency contracts. They are included in balance sheet line items 'bank overdraft', 'trade and other payables', 'long-term financial liabilities' and 'other financial liabilities'.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'finance cost' in the income statement.

Bank loans are raised for support of long term funding of the Group's operations. They are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Forward currency contracts are held at fair value and are used to hedge exchange risk arising on foreign currency transactions denominated in a currency other than the transacting entities' functional currency. No adjustment is made for the fair value of forward currency contracts where such adjustment is clearly not material to the results presented in the financial statements (note 17).

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as money market instruments and bank deposits. For the purposes of the cash flow statement cash and cash equivalents include bank overdrafts.

1.11 Borrowing costs

All borrowing costs are expensed as incurred.

1.12 Pension obligations and short term employee benefits

Pensions to employees are provided through a defined benefit plan as well as a defined contribution plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Group, even if the plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long term benefit fund as well as qualifying insurance policies.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

Notes to the accounts continued

The asset or liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurement gains and losses are recognised immediately and in full in other comprehensive income. Past service costs are recognised immediately in the consolidated income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

If the Group will not benefit from a scheme surplus in the form of refunds from the plan or reduced future contributions, an adjustment is made in respect of the minimum funding requirement and no asset resulting from the above policy is recognised.

The contribution recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Short-term employee benefits are recognised for the number of paid leave days (usually holiday entitlement) remaining at the balance sheet date. They are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

1.13 Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a 'finance lease' or 'hire purchase contract'), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an 'operating lease'), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

1.14 Impairment of non-financial assets

The Group's property, plant and equipment are subject to impairment testing.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses are charged pro-rata to the assets in the cash-generating unit. All assets are subsequently re-assessed for indications that an impairment loss previously recognised may no longer exist.

1.15 Research and development

Costs associated with research activities are expensed in the consolidated income statement as they occur.

Notes to the accounts continued

1.16 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities where material are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as components of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged or credited directly to equity are charged or credited directly to equity.

1.17 Dividends

Equity dividends are recognised when they become legally payable. In the case of dividends to equity shareholders, they are recognised when paid.

In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

1.18 Property, plant and equipment

Property, plant and equipment (other than freehold land) are carried at acquisition cost less subsequent depreciation and impairment losses. No depreciation has been charged in respect of certain land and buildings as the directors have assessed that those assets have residual values equal to or greater than current carrying values.

The useful lives of property, plant and equipment can be summarised as follows:

- Land and buildings – 25 - 50 years
- Plant, machinery and motor vehicles – 3 - 5 years on a straight line basis

1.19 Inventories

Inventories comprise raw materials, supplies and purchased goods. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

1.20 Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group.

Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention has been satisfied, the deferred income balance is released to the consolidated income statement or netted against the asset purchased as appropriate.

Notes to the accounts continued

1.21 Other provisions, contingent liabilities and contingent assets

Other provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated balance sheet. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

2. PROFIT FROM OPERATIONS

	Note	**2017**	2016
		£'000	£'000
This has been arrived at after charging/(crediting):			
Depreciation and amortisation	7 & 8	**803**	801
Foreign exchange differences		**(280)**	(234)
Research and development costs		**62**	41
Write-down of inventory to net realisable value		**26**	158
Inventory recognised as an expense		**16,841**	15,554
Fees payable to the Company's auditor:			
• for the audit of the Company's annual accounts		**7**	6
• the audit of the Company's subsidiaries, pursuant to legislation		**53**	31
• other services pursuant to legislation		**10**	3
Fees payable to overseas auditors		**5**	4
Loss/(profit) on disposal of fixed assets		**4**	(13)
Operating lease payments		**185**	118

Notes to the accounts continued

3. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business segments, which are based on the Group's management and internal reporting structure as at 31st December 2017.

The chief operating decision-maker has been identified as the board of directors ('the board'). The board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and on the internal reporting structure.

The board assesses performance based on a measure of earnings before tax. Other information provided to the board is measured in a manner consistent with that in the financial statements. Total segment assets exclude assets and liabilities that are managed on a central basis. These balances are part of the reconciliation to the total balance sheet assets and liabilities. Inter-segment pricing is determined on an arms-length basis.

The Group comprises the following segments: the manufacture of metal presswork and the distribution of bulk material handling components.

	Central 2017 £'000	Manufacturing 2017 £'000	Distribution 2017 £'000	Total 2017 £'000
Revenue				
External	-	4,150	27,299	31,449
Inter Company	706	3,211	5,172	9,089
Total	706	7,361	32,471	40,538
Profit				
EBITDA	393	146	2,605	3,144
Finance costs	(92)	(23)	(28)	(143)
Finance income	1	1	1	3
Depreciation and amortisation	(465)	-	(338)	(803)
Tax expense	(20)	(8)	(593)	(621)
Profit/(loss) for the period	(183)	116	1,647	1,580
Assets				
Total assets	4,593	2,397	11,793	18,783
Additions to non current assets	490	-	222	712
Liabilities				
Total liabilities	1,742	3,664	2,402	7,808

Notes to the accounts continued

	Central 2016 £'000	Manufacturing 2016 £'000	Distribution 2016 £'000	Total 2016 £'000
Revenue				
External	-	3,565	24,850	28,415
Inter Company	473	2,659	4,443	7,575
Total	473	6,224	29,293	35,990
Profit				
EBITDA	(144)	181	2,158	2,195
Finance costs	(74)	(26)	(50)	(150)
Finance income	-	3	27	30
Depreciation	(279)	(141)	(381)	(801)
Tax expense	(41)	98	(476)	(419)
(Loss)/profit for the period	(538)	115	1,278	855
Assets				
Total assets	4,497	1,008	11,991	17,496
Additions to non current assets	1,023	-	347	1,370
Liabilities				
Total liabilities	1,023	2,140	4,374	7,537

Geographical analysis

The Group is domiciled in the UK. Analysis of revenues from external customers by continent is provided below:

	Revenue 2017 £'000	**Non-current assets 2017 £'000**	Revenue 2016 £'000	Non-current assets 2016 £'000
UK	6,454	3,451	5,808	3,460
Rest of Europe	7,319	70	7,083	81
Americas	13,325	1,482	12,223	1,468
Africa	1,316	150	1,291	199
Australia and Asia	3,035	143	2,010	162
	31,449	5,296	28,415	5,370

There is one Group customer which accounts for more than 10% of the Group's revenues.

Notes to the accounts continued

4. FINANCE INCOME AND EXPENSE

	Note	2017 £'000	2016 £'000
Finance expense			
Bank borrowings		**111**	127
Hire purchase interest		**32**	23
		143	150
Finance income			
Bank interest received		**2**	28
Other finance income	19.6	**1**	2
		3	30

5. TAX EXPENSE

	Note	2017 £'000	2016 £'000
Current tax expense			
UK corporation tax			
UK tax expense on profits for the year		**139**	97
Prior year adjustment		**(1)**	-
		138	97
Foreign corporation tax			
Foreign tax expense on profits for the year		**513**	449
Prior year adjustment		-	(11)
		513	438
Current tax charge		**651**	535
Deferred tax – origination and reversal of timing differences	15	**(30)**	(116)
		(30)	(116)
Total tax charge		**621**	419

Notes to the accounts continued

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2017	2016
	£'000	£'000
Profit before tax	**2,201**	1,274
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	**424**	255
Expenses not deductible for tax purposes	**4**	50
Income not taxable	**-**	(2)
Tax credits on research and development	**(25)**	(24)
Profit on property disposal non taxable	**-**	(179)
Foreign tax	**211**	161
Movement in rolled over and fair value deferred tax	**(25)**	-
Deferred tax not provided	**33**	122
Prior year adjustment	**(1)**	(11)
Rate differences	**-**	47
	621	419

No deferred tax asset arising on tax losses, accelerated depreciation in excess of capital allowances or deferred tax liability in respect of the pension provision has been recognised as their future realisation is relatively uncertain. The amounts not recognised are estimated at £nil, £92,000 and £16,000 respectively (2016 - £10,000, £45,000 and £(4,000)) calculated at a rate of 17% (2016 – 17%).

6. EMPLOYEES

The average number of employees of the Group during the year was made up as follows:

	Note	2017	2016
		No.	No.
Office and management		**37**	34
Sales and distribution		**47**	54
Manufacturing		**85**	70
		169	158

	Note	2017	2016
Staff costs (including directors) comprise:		**£'000**	£'000
Wages and salaries		**6,451**	5,864
Defined contribution pension cost		**233**	192
Defined benefit pension cost	19.6	**70**	51
Other long-term employee benefits		**51**	26
Employer's national insurance contributions and similar taxes		**710**	639
		7,515	6,772
Included in other expenses		**(66)**	(46)
		7,449	6,726

	2017	2016
Directors' remuneration:	**£'000**	£'000
Emoluments of qualifying services	**569**	475
Company pension contributions to money purchase schemes	**35**	29
	604	504

The number of directors for whom retirement benefits accrued under money purchase pension schemes amounted to 3 (2016 – 3) and under defined benefit pension schemes amounted to nil (2016 – nil). Further details of directors remuneration are included in the remuneration report.

Notes to the accounts continued

7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
At 31st December 2017			
Cost	**3,053**	**9,584**	**12,637**
Accumulated depreciation	**144**	**7,255**	**7,399**
Net book value	**2,909**	**2,329**	**5,238**
At 31st December 2016			
Cost	3,033	9,106	12,139
Accumulated depreciation	142	6,639	6,781
Net book value	2,891	2,467	5,358
Year ended 31st December 2017			
Opening net book value	**2,891**	**2,467**	**5,358**
Additions	**18**	**694**	**712**
Disposals	**-**	**(19)**	**(19)**
Depreciation	**(1)**	**(796)**	**(797)**
Exchange differences	**1**	**(17)**	**(16)**
Closing net book value	**2,909**	**2,329**	**5,238**
Year ended 31st December 2016			
Opening net book value	2,632	2,045	4,677
Additions	273	1,097	1,370
Depreciation	(18)	(783)	(801)
Exchange differences	4	108	112
Closing net book value	2,891	2,467	5,358

The net book value of tangible fixed assets includes an amount of £757,000 (2016 - £833,000) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £249,000 (2016 - £160,000).

Assets in the course of construction which have not been depreciated total £408,000.

The total cost of non-depreciable assets included in freehold land and buildings was £2,885,000 (2016 - £2,876,000).

Notes to the accounts continued

8. INTANGIBLE ASSETS

	Total £'000
At 31st December 2017	
Cost	**64**
Accumulated amortisation	**(6)**
Net book value	**58**
At 31st December 2016	
Cost	12
Accumulated amortisation	-
Net book value	12
Year ended 31st December 2017	
Opening net book value	**12**
Additions	**52**
Amortisation	**(6)**
Closing net book value	**58**
Year ended 31st December 2016	
Opening net book value	12
Closing net book value	12

Intangible assets relate to purchased goodwill and software. Additions in the year relate to software.

9. FINANCIAL ASSETS

	2017 £'000	2016 £'000
Secured loan to third party		
Amount due on loan within one year	**-**	52
	-	52

The secured loan accrued interest at 3.25% above the Bank of England base rate and was fully repaid in 2017.

10. INVENTORIES

	2017 £'000	2016 £'000
Raw materials	**499**	299
Work in progress	**51**	56
Finished goods	**5,745**	5,625
Goods in transit	**136**	139
	6,431	6,119

During the twelve months ended 31st December 2017 the Group recognised a charge of finished goods inventories of £26,000 (2016 – £158,000) to reflect the ageing of certain stock items.

Notes to the accounts continued

11. TRADE AND OTHER RECEIVABLES

	2017	2016
	£'000	£'000
Trade receivables	**5,293**	4,640
Other receivables	**375**	377
Prepayments	**243**	196
	5,911	5,213

Where possible credit insurance is obtained and sales to customers kept within agreed credit limits. Experience over the last five years has shown that bad debts in any one year have not exceeded £10,000.

The risk in relation to credit risk is considered low and is supported by the low level of bad debts experienced, both pre and post credit insurance claims, by the Group in any one year. There are no material bad debt provisions and no material past due balances.

12. TRADE AND OTHER PAYABLES – CURRENT

	2017	2016
	£'000	£'000
Trade payables	**3,161**	2,741
Other taxes and social security costs	**191**	191
Other payables	**180**	304
Accruals	**859**	945
	4,391	4,181

13. OTHER FINANCIAL LIABILITIES – CURRENT

	Note	**2017**	2016
		£'000	£'000
Bank loans - secured	14	**335**	278
Hire purchase	14	**276**	226
Other creditors		**1,372**	1,226
		1,983	1,730

An analysis of the interest rate payable on financial liabilities and information about fair values is given in note 17.

Other creditors comprise of an invoice discounting facility which has been secured by a fixed and floating charge over certain assets of certain Group companies.

Notes to the accounts continued

14. FINANCIAL LIABILITIES – NON-CURRENT

	Note	2017	2016
		£'000	£'000
Bank loans – secured		650	871
Hire purchase		338	490
		988	1,361

Obligations under finance lease and hire purchase contracts comprise amounts payable as follows:

	2017	2016
	£'000	£'000
In one year or less, or on demand	276	226
In more than one year but not more than five years	338	490
	614	716

Obligations under bank loan agreements comprise amounts payable as follows:

	2017	2016
	£'000	£'000
Within one year	335	278
One to two years	226	258
Two to five years	390	467
Over five years	34	146
	985	1,149

Terms and conditions of outstanding loans were as follows:

	Interest Rate	Year of maturity	2017	2016
	%		£'000	£'000
US dollar bank loan	4.25% fixed	2018	36	91
US dollar bank loan	4.00% fixed	2018	76	-
US dollar bank loan	2.50% fixed	2022	86	-
US dollar unsecured bank loan	3.00% fixed	2022	31	40
US dollar term loan	2.25% over LIBOR	2023	533	695
GBP term loan	2.50% over Bank of England base rate	2019	84	124
GBP term loan	2.75% over Bank of England base rate	2020	139	199

The 4.25%, 4.00% and 2.50% fixed US dollar bank loans are secured on specific plant and equipment held by 4B Elevator Components Limited. The US dollar term loan and the GBP term loans form part of the Group funding arrangements. These loans are secured by a fixed and floating charge over certain assets of certain Group companies. Other loans are unsecured.

Notes to the accounts continued

15. DEFERRED INCOME TAX LIABILITY

	Note	2017	2016
		£'000	£'000
Accelerated capital allowances in excess of depreciation		29	36
Rolled over capital gains		58	82
		87	118

	Deferred tax
	£'000
Balance at 1st January 2017	118
Exchange differences	(1)
Credit to income statement during the year	(30)
Balance at 31st December 2017	87

Deferred tax has been recognised at a rate of 28.5% (2016 – 39%) on accelerated capital allowances in 4B Elevator Components Limited and 17% (2016 – 17%) in respect of the Company and Braime Pressings Limited.

16. SHARE CAPITAL

	2017	2016
Authorised:	£'000	£'000
480,000 Ordinary shares of 25p each	120	120
1,200,000 'A' Ordinary shares of 25p each	300	300
	420	420
Allotted, called up and fully paid:		
480,000 Ordinary shares of 25p each	120	120
960,000 'A' Ordinary shares of 25p each	240	240
	360	360

The 'A' Ordinary shares rank pari passu in all respects with Ordinary shares except that the holders of 'A' Ordinary shares are not entitled to vote at general meetings. Holders of Ordinary shares are entitled to one vote for every four shares held.

Notes to the accounts continued

17. FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group holds financial instruments in order to finance its operations and to manage the interest rate and currency risks arising from those operations.

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other receivables net of impairment losses, cash and bank balances, trade and other payables are subsequently measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank loans are initially measured at the present value of future payment, discounted at a market rate of interest and subsequently measured at amortised costs using the effective interest method.

Whilst finance leasing liabilities within notes 13 and 14 are included within financial liabilities they do not constitute a financial instrument.

There is no formal policy for matching foreign currency cash flows, or matching exposure to foreign currency net assets or liabilities although a careful watch is kept on the positions. As shown below the Group's currency exposure at the year end is £2,000,000 (2016 - £2,126,000) and is primarily euros and US dollars to sterling.

The Group's policy is to ensure a balance of financial instruments to meet its operating requirements. This has been achieved during the period. Unutilised committed borrowing facilities have been maintained in order to provide flexibility in the management of liquidity.

Fair values

There is no material difference between the carrying value and the fair value of the Group's financial assets and liabilities. Financial instruments carried at fair value are required to be measured by reference to the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to one fair value measurement. The only instruments entered into by the Group are included in level 2 and consist of fixed interest term loans and foreign currency forward contracts.

Forward contracts

Forward currency contracts of £1,348,000 were outstanding at 31st December 2017 (31st December 2016 - £nil). The fair value loss on the forward currency contracts at 31st December 2017 is £15,000 and this has not been included in the balance sheet on the grounds of materiality (2016 - £nil).

Fixed interest term loans

As at 31st December 2017 fixed interest rate US dollar term loans amounted to £229,000 (2016 - £131,000) (see note 14).

Maturity analysis

Other than is disclosed in note 14 regarding bank loans and obligations under finance lease and hire purchase agreements all financial instruments fall due within one year.

In addition to the maturity analysis disclosed in note 14 the interest due on hire purchase agreements repayable within one year totals £35,000 (2016 - £25,000), the interest due on finance lease and hire purchase agreements after one year but not more than five years totals £33,000 (2016 - £46,000). Likewise the interest due on bank loans repayable within one year totals £22,000 (2016 - £28,000), the interest due on bank loans repayable after one year but not more than five years totals £29,000 (2016 - £69,000), and the interest due on bank loans repayable after more than five years totals £nil (2016 - £2,000).

Notes to the accounts continued

Interest rate and currency of financial assets and liabilities

The currency and interest rate profile of the Group's interest bearing financial assets is shown below:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Total £'000
Currency			
As at 31st December 2017			
Sterling	-	-	-
Euro	**142**	-	**142**
US dollar	**359**	-	**359**
Other	**641**	-	**641**
	1,142	-	**1,142**

Negative sterling floating rate financial assets relate to bank overdrafts available for offset against credit currency balances where a legal right of set-off exists.

As at 31st December 2016			
Sterling	(1,169)	-	(1,169)
Euro	288	-	288
US dollar	1,321	-	1,321
Other	352	-	352
	792	-	792

Notes to the accounts continued

Interest rate and currency of financial assets and liabilities

The currency and interest rate profile of the Group's interest bearing financial liabilities is shown below:

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Total £'000
Currency			
As at 31st December 2017			
Sterling	**2,339**	**568**	**2,907**
Euro	**(194)**	**-**	**(194)**
US dollar	**149**	**229**	**378**
Other	**(3)**	**47**	**44**
	2,291	**844**	**3,135**
As at 31st December 2016			
Sterling	1,529	652	2,181
Euro	20	-	20
US dollar	-	826	826
Other	64	-	64
	1,613	1,478	3,091

Floating rate financial liabilities comprise bank borrowings.

Notes to the accounts continued

Currency exposure

The monetary assets and liabilities of the Group that are not denominated in the functional currency of the operating unit concerned are shown below.

Non interest bearing financial assets and liabilities

	Sterling £'000	Euro £'000	US dollar £'000	Other currencies £'000	Total £'000
Functional currency					
At 31st December 2017					
Sterling	**-**	**737**	**(365)**	**2,329**	**2,701**
Euro	**(1,437)**	**-**	**-**	**-**	**(1,437)**
US dollar	**757**	**(21)**	**-**	**-**	**736**
	(680)	**716**	**(365)**	**2,329**	**2,000**
At 31st December 2016					
Sterling	-	631	(67)	2,060	2,624
Euro	(1,036)	-	-	-	(1,036)
US dollar	558	(20)	-	-	538
	(478)	611	(67)	2,060	2,126

Risk sensitivity

A change in interest rates of 1% in any of the three currencies invested or borrowed will not affect the income statement by a figure greater or less than £20,000 (2016 - 25,000).

A weakening in the value of sterling by 10% will benefit the operating profit by a figure not exceeding £250,000 (2016 - £238,000). A strengthening of sterling by 10% will reduce the operating profit by a figure not greater than £305,000 (2016 - £290,000).

These amounts are estimates. Actual results in the future may differ materially from these due to development in the global financial markets which may cause fluctuations in interest and exchange rates to vary. The amounts stated above should not be considered a projection of likely future events and losses.

Borrowing facilities

The group has the following undrawn committed borrowing facilities:

	2017 £'000	2016 £'000
Expiring in one year or less	**1,636**	1,756

These facilities are for the purposes of working capital flexibility and are reviewed annually.

Group bank loans and overdrafts and invoice discounting facilities have been secured by a fixed and floating charge over certain assets of certain Group companies.

Notes to the accounts continued

Foreign currency risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the Group's primary functional currency (sterling). Although its global market penetration arguably reduces the Group's risk in that it has diversified into several markets, the net assets from such overseas operations are exposed to currency risk giving rise to gains or losses on re-translation into sterling. Only in exceptional circumstances will the Group consider hedging its net investments in overseas operations as generally it does not consider that the cash flow risk created from such hedging techniques warrants the reduction in volatility in consolidated net assets.

Foreign exchange risk also arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. It is Group policy that all such transactions should be hedged locally by entering into forward contracts with Group treasury. Where it is considered that the risk to the Group is significant, Group treasury will enter into a matching forward contract with a reputable bank.

It is Group policy that transactions between Group entities are generally denominated in the buying Group entity's functional currency thereby giving rise to foreign exchange risk in the income statement of both the purchasing Group entity and the Group. Although the purchasing Group entity might hedge this exposure with Group treasury, no external hedge is entered into at Group level as there is no exposure to consolidated net assets from intra-Group transactions.

Liquidity risk

The liquidity risk of each Group entity is managed centrally by the Group treasury function. Each operation has a facility with Group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board annually in advance, enabling the Group's cash requirements to be anticipated. Where facilities of Group entities need to be increased, approval must be sought from the Group finance director. Where the amount of the facility is above a certain level agreement of the board is needed.

All surplus cash is held centrally to maximize the returns on deposits through economics of scale. The type of cash instrument used and its maturity date will depend on the Group's forecast cash requirements. The Group maintains a draw down facility with a major banking corporation to manage any unexpected short-term cash shortfalls.

Interest rate risk

The Group finances its operations through a mixture of retained profit, bank borrowings and finance lease arrangements. The Group generally borrows at floating rates but some borrowing arrangements provide fixed interest payments for a proportion of its debt over a specified period. This enables the Group to forecast borrowing costs with a degree of certainty.

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to insure sales when insurance cover is available.

Quantitative disclosures have been made in note 11.

The Group does not enter into complex derivatives to manage credit risk.

Capital risk

The Group's objective when maintaining capital, being the share capital and capital reserves, is to safeguard the Group's ability to continue as a going concern so that it is able to provide returns for shareholders and benefits for other stakeholders.

Notes to the accounts continued

18. EARNINGS PER SHARE AND DIVIDENDS

Both the basic and diluted earnings per share have been calculated using the net results attributable to shareholders of T.F. & J.H. Braime (Holdings) P.L.C. as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 1,440,000 shares (2016 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid

	2017	2016
Equity shares	**£'000**	£'000
Ordinary shares		
Interim of 6.40p (2016 – 6.20p) per share paid on 12th May 2017	**31**	30
Interim of 3.10p (2016 – 2.90p) per share paid on 21st October 2017	**15**	14
	46	44
'A' Ordinary shares		
Interim of 6.40p (2016 – 6.20p) per share paid on 12th May 2017	**61**	59
Interim of 3.10p (2016 – 2.90p) per share paid on 21st October 2017	**30**	28
	91	87
Total dividends paid	**137**	131

An interim dividend of 7.10p per Ordinary and 'A' Ordinary share will be paid on 18th May 2018.

Notes to the accounts continued

19. PENSION COSTS

19.1 The Group operates a number of defined contribution schemes, the cost of which are disclosed in note 6. Additionally the Group operates a funded defined benefit pension scheme, the Braime Pressings Limited Retirement Benefits Scheme, which provides benefits based on final salary and length of service on retirement, leaving service or death on behalf of certain companies in the Group. The scheme is closed to new members. There are 5 active members, 6 deferred members and 15 pensioners in the scheme. The assets of the scheme are held separately from those of the Group, being predominantly invested with an insurance company. The scheme is funded to cover future pension liabilities.

The scheme is managed by a board of trustees appointed in part by the Group. The trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the scheme's assets. The trustees delegate some of these functions to their professional advisers where appropriate.

The scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Group must agree with the trustees of the scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits. A qualified actuary determines the contributions payable to the scheme. The most recent actuarial valuation was conducted at 6th April 2016. The market value of scheme assets at 6th April 2016 was £8,671,000. The funding level at 6th April 2016 was 104% on an ongoing basis.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised within the consolidated statement of comprehensive income.

There were no plan amendments, curtailments or settlements during the period.

19.2 The scheme exposes the Company to a number of risks:

- Investment risk. The scheme holds investments in asset classes such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the scheme holds assets such as equities or annuity policies the value of the assets and liabilities may not move in the same way.
- Inflation risk. A significant proportion of the benefits under the scheme are linked to inflation. Although the scheme's assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging.
- Mortality risk. In the event that members live longer than assumed a deficit will emerge in the scheme.

19.3 The expected return on assets is equivalent to the discount rate used to value the scheme's liabilities and based on the yield available on high quality corporate bonds of appropriate term and currency. The discount rate assumption used here of 2.45% is based on the yield on the IBOXX over 15 years AA Corporate Bond Index.

Notes to the accounts continued

19.4 The amounts recognised in the balance sheet are as follows:

	Note	2017 £'000	2016 £'000
Fair value of scheme assets	19.7	**9,128**	8,781
Present value of funded obligations	19.6	**(9,038)**	(8,758)
Surplus		**90**	23
Adjustment in respect of minimum funding requirement		**(90)**	(23)
Net asset		**-**	-

19.5 The amounts recognised in the consolidated income statement are as follows:

	Note	2017 £'000	2016 £'000
Current service cost		**70**	51
Total included in employee benefits expense	6	**70**	51
Interest on liabilities		**225**	264
Interest on assets		**(226)**	(266)
	4	**(1)**	(2)
Administration costs		**19**	-
Total amounts recognised in the consolidated income statement		**88**	49

19.6 Changes in the present value of the defined benefit obligation are as follows:

	2017 £'000	2016 £'000
Opening defined benefit obligation	**8,758**	7,221
Current service cost	**70**	51
Contributions by scheme participants	**9**	9
Interest cost	**225**	264
Benefits paid	**(217)**	(196)
Remeasurement gains based on experience	**(1)**	(1)
Remeasurement gains due to changes in demographic assumptions	**-**	(214)
Remeasurement loss/(gain) from changes to financial assumptions	**194**	1,624
Closing defined benefit obligation	**9,038**	8,758

19.7 Changes in the fair value of plan assets are as follows:

	2017 £'000	2016 £'000
Opening fair value of scheme assets	**8,781**	7,271
Interest on assets	**226**	266
Return on scheme assets in excess of interest	**304**	1,392
Benefits paid	**(217)**	(196)
Administration costs	**(19)**	-
Employer contributions	**44**	39
Contributions by scheme participants	**9**	9
Closing fair value of scheme assets	**9,128**	8,781

Notes to the accounts continued

19.8 Analysis of fair value of plan assets between asset categories is as follows:

	% of Total Assets	2017 £'000	2016 £'000
Annuity policies in payment	**58.4%**	**5,331**	5,298
Equities – unquoted - overseas	**10.6%**	**968**	857
Equities – unquoted - UK	**2.4%**	**219**	195
Cash	**2.3%**	**210**	191
Money market funds – unquoted	**-**	**-**	2
With profit deferred annuities	**26.3%**	**2,400**	2,238
Total	**100.0%**	**9,128**	8,781

The assets do not include any investment in shares of the Company.

19.9 The actual return on scheme assets is as follows:

	2017 £'000	2016 £'000
Actual return on scheme assets	**530**	1,658

19.10 Amount recognised in the statement of comprehensive income is as follows:

	2017 £'000	2016 £'000
Gain on scheme assets in excess of interest	**304**	1,392
Remeasurement loss from changes to financial assumptions	**(194)**	(1,624)
Changes in effect of asset ceiling	**(66)**	27
Experience gains	**1**	1
Gains from changes to demographic assumptions	**-**	214
Total amount recognised in statement of comprehensive income	**45**	10

19.11 Cumulative amount of remeasurement gains and losses recognised in the statement of comprehensive income is as follows:

	2017 £'000	2016 £'000
Remeasurement gains	**372**	327

19.12 Amounts for the current period and previous periods are as follows:

	2017 £'000	2016 £'000
Present value of funded obligations	**(9,038)**	(8,758)
Fair value of scheme assets	**9,128**	8,781
Surplus	**90**	23
Experience gains on plan liabilities	**1**	1
Gains/(losses) from changes to demographic assumptions	**-**	214
Losses from changes to financial assumptions	**(194)**	(1,624)
Gains on scheme assets in excess of interest	**304**	1,392

Notes to the accounts continued

19.13 Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2017	2016
Discount rate	**2.45%**	2.60%
Inflation (RPI)	**3.60%**	3.65%
Salary increases	**4.60%**	4.65%
Pension increase (LP15)	**3.45%**	3.50%
Post retirement mortality	**110% of S2NA tables with CMI 2015 projections with a long-term rate of improvement of 1% pa**	110% of S2NA tables with CMI 2015 projections with a long-term rate of improvement of 1% pa
Commutation	**No allowance has been made for members to take tax free cash**	No allowance has been made for members to take tax free cash
Zurich with-profits deferred annuity policy	**70% future income value, 30% market value**	70% future income value, 30% market value

19.14 The next valuation of the scheme is due as at 6th April 2019. In the event that the actuarial valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing schedule of contributions. Conversely, if the position is better than expected contributions may be reduced.

The Group's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is £44,000. The weighted average duration of the defined benefit obligation is approximately 17.9 years.

19.15 The amounts recognised in the balance sheet are as follows:

	Note	**2017 £'000**	2016 £'000
Net asset at start of period		**-**	-
Pension cost	19.5	**(88)**	(49)
Employer contributions		**43**	39
Remeasurement gain recognised in the statement of comprehensive income	19.10	**45**	10
Net asset at end of period		**-**	-

Notes to the accounts continued

19.16 Sensitivity of the value placed on the surplus (before minimum funding requirement adjustment)

Adjustments to assumptions	Approximate effect on surplus £'000
Discount rate	
Plus 0.50%	168
Minus 0.50%	(192)
Inflation	
Plus 0.50%	(310)
Minus 0.50%	304
Salary increase	
Plus 0.50%	(91)
Minus 0.50%	87
Life expectancy	
Plus 1.0 years	(23)
Minus 1.0 years	28
% With-profit deferred annuities converted on retirement using guaranteed annuity rates	
Plus 10.00%	210
Minus 10.00%	(210)

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same. The sensitivity analysis shown above was determined using the same method as per the calculation of liabilities for the balance sheet disclosures, but using assumptions adjusted as detailed above.

20. OPERATING LEASES

The Group has entered into commercial leases on certain properties, motor vehicles and items of plant and equipment. At the balance sheet date, the Group had outstanding commitments for minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Not later than one year	**260**	132
Later than one year and not later than five years	**386**	149
Over five years	**-**	23
	646	304

21. NOTES SUPPORTING CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents	**2017 £'000**	2016 £'000
Cash at bank and in hand	**1,145**	742
Bank overdraft	**(164)**	-
Cash at bank and in hand	**981**	742

Major non-cash transaction

During the year the Group acquired tangible assets of £146,000 subject to finance (2016 - £371,000) under hire purchase agreements.

Notes to the accounts continued

22. CAPITAL COMMITMENTS

There were capital commitments of £160,000 (2016 - £nil) which are contracted but not provided for in these financial statements.

23. SUBSIDIARIES

Subsidiary	Principal activity	Proportion of shares held 2017 and 2016: Ordinary Shares	Preference Shares
i Registered in and operating from Hunslet Road, Leeds, West Yorkshire, LS10 1JZ, England:			
Braime Pressings Limited	Manufacture of metal presswork	100%	100%
4B Braime Components Limited	Distribution of bulk material handling components	100%	-
ii Registered at Hunslet Road, Leeds, West Yorkshire, LS10 1JZ, England and operating from the USA:			
4B Elevator Components Limited	Distribution of bulk material handling components	100%	-
iii Incorporated in and operating from 9 Route de Corbie, 80800 Lamotte Warfusee, France:			
4B-France sarl	Distribution of bulk material handling components	100%	-
iv Incorporated in and operating from 899/1 Moo 20, Soi Chongsiri, Bangplee-Tam Ru Road, Samutprakam, 10540, Thailand:			
4B Asia Pacific Company Limited	Distribution of bulk material handling components	48%	-
v Incorporated in and operating from 14 Newport Business Park, Mica Drice, Kya Sand, 2163 Johannesburg, South Africa:			
4B Africa Elevator Components (Pty) Limited	Distribution of bulk material handling components	100%	-
vi Incorporated in and operating from Unit 1, 18 Overlord Place, Acacia Ridge, Queensland, 4110, Australia:			
4B Australia Pty Limited	Distribution of bulk material handling components	100%	-

While only 48% of the ordinary shares are held in 4B Asia Pacific Company Limited the Company controls 89% of the voting rights. As a consequence no single investor directly controls the investee however, given the operational management that the company demonstrates, it has the ability to direct the relevant activities and the decision making process such that it has power over the investee.

24. RELATED PARTY TRANSACTIONS

The total remuneration for key management personnel for the year including directors totalled £1,055,000 (2016 - £956,000).

There were no other related party transactions during the year.

Company balance sheet
at 31st December 2017

	Note	2017 £'000	2017 £'000	Restated 2016 £'000	Restated 2016 £'000
Fixed assets					
Intangible assets	3		**46**		-
Tangible fixed assets	4		**6,166**		6,387
Investments	5		**598**		598
			6,810		6,985
Current assets					
Debtors: due within one year	8	**981**		1,316	
Cash at bank and in hand		**-**		3	
		981		1,319	
Creditors: amounts falling due within one year					
Amounts owed to subsidiary companies		**1,932**		2,604	
Other creditors falling due within one year	10	**1,274**		335	
		3,206		2,939	
Net current (liabilities)/assets			**(2,225)**		(1,620)
Total assets less current liabilities			**4,585**		5,365
Creditors: amounts falling due after more than one year	10		**409**		615
Provisions for liabilities	11		**159**		188
			4,017		4,562
Capital and reserves					
Called up share capital	12		**360**		360
Revaluation reserve			**85**		85
Capital redemption reserve			**180**		180
Retained earnings			**3,392**		3,937
Shareholders' funds			**4,017**		4,562
Company's (loss)/ profit for the financial year			**(408)**		1,166

These financial statements were approved and authorised for issue by the board of directors on 1st May 2018 and signed on its behalf by:

Nicholas Braime, Director

Alan Braime, Director

The notes on pages 58 to 63 form part of these financial statements

Company statement of changes in equity

for the year ended 31st December 2017

	Called up Share Capital £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1st January 2016	360	85	180	2,902	3,527
Comprehensive income for the financial year – profit	-	-	-	1,166	1,166
Dividends paid	-	-	-	(131)	(131)
Balance at 31st December 2016	**360**	**85**	**180**	**3,937**	**4,562**
Comprehensive income for the financial year – loss	-	-	-	(408)	(408)
Dividends paid	-	-	-	(137)	(137)
Balance at 31st December 2017	**360**	**85**	**180**	**3,392**	**4,017**

The revaluation reserve represents the fair value uplift in the Company's freehold property.

The capital redemption reserve represents the nominal value of preference share capital repurchased by the Company.

The retained earnings represents cumulative profit or losses net of dividends and other adjustments. Included within retained earnings is a non-distributable amount of £71,000.

Notes to the Company accounts continued

1. COMPANY INFORMATION

T.F. & J.H. Braime (Holdings) P.L.C. is a Company limited by shares, incorporated in England & Wales. Its registered office is Hunslet Road, Leeds, LS10 1JZ. The Company is a holding company. Details of the Group's activities are provided on page 8.

2. ACCOUNTING POLICIES

2.1 Accounting convention

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

The financial statements have been prepared under the historical cost convention, as described below.

The Company has chosen to early adopt the amendments to FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland Triennial review 2017 – Incremental improvements and clarifications'.

As a consequence the Company has elected to measure freehold land and buildings leased to other group companies, previously measured at fair value, under the historical cost convention. The fair value at the date of transition has been used as its deemed cost at this date.

Investment properties fair valued at 31st December 2016 of £4,533,000 have been redesignated as freehold property and the difference between the deemed cost and its historic cost treated as a revaluation reserve. As at 1st January 2016 this resulted in the creation of a revaluation reserve of £85,000, with a corresponding decrease in retained earnings.

The prior year fair value gain of £276,000 and part of the movement in deferred tax in the comparative period to 31st December 2016 of £152,000 has as a consequence been removed from the company's profit for the financial period. This has had the effect of reducing the profit for the year ended 31st December 2016 from £1,290,000 to £1,166,000.

The functional currency of the Company is considered to be pounds sterling.

2.2 Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- The requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

2.3 Intangible assets

Acquired bespoke software is included at cost and amortised in equal annual instalments over a period of 5 years which is its estimated useful economic life. Provision is made for any impairment.

2.4 Property, plant and equipment

Property, plant and equipment is stated at purchase cost together with any incidental expenses of acquisition, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life

- Plant and machinery – 4-5 years on a straight line basis
- Fixtures and fittings – 4-5 years on a straight line basis
- Motor vehicles – 4-5 years on a straight line basis

Depreciation has not been charged on freehold land and buildings in the year as the directors consider their residual value to be higher than their net book value.

Residual value represents the estimated amount which would currently be obtained from the disposal of an asset after deducting estimated costs of disposal, if the asset were already at an age and in the condition expected at the end of its estimated useful life.

Notes to the Company accounts continued

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the assets against the higher of realisable value and value in use.

The gain or loss arising on the disposal of an asset is determined on the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

2.5 Financial instruments

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

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as basic financial instruments – cash and bank balances, trade creditors, accruals, bank loans and inter-company balances.

Cash and bank balances, trade creditors, accruals and inter-company balances (being repayable on demand) are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank loans are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently measured at amortised cost using the effective interest method.

2.6 Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

Non financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets
For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had the impairment loss not been recognised.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities, except where a legal right of set off exists.

2.8 Investments

Investments in subsidiaries are measured at cost less impairment.

2.9 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and that give rise to an obligation to pay more tax or a right to pay less tax in the future. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in different periods from those in which they are recognised in the financial statements.

Notes to the Company accounts continued

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to the reversal of the timing difference. Deferred tax relating to the Company's properties are measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

2.10 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are reported at the rate of exchange ruling at the balance sheet date. Exchange differences are recognised in the income statement in the period in which they arise.

2.11 Hire purchase and leasing commitments

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

2.12 Critical accounting judgements and sources of estimation uncertainty

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

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

The critical judgements that the directors have made in applying the Company's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the financial statements are described below:

Carrying value of freehold land and buildings

As described in notes 2.1 and 2.4 to the financial statements the Company's freehold land and buildings are now carried at deemed cost with reference to a previous independent valuation as at 31st December 2015. Having given consideration to current property values the directors have considered that the properties residual values exceed their net book values, hence no depreciation need be charged.

Useful economic lives of plant and machinery

The annual depreciation charge for plant and machinery is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Notes to the Company accounts continued

3. INTANGIBLE ASSETS

	Software £'000
Cost	
At 1st January 2017	-
Additions	52
At 31st December 2017	52
Amortisation	
At 1st January 2017	-
Provided for the year	6
At 31st December 2017	6
Net book value	
At 31st December 2017	46

4. TANGIBLE FIXED ASSETS

	Freehold Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1st January 2017	4,267	2,468	82	2	6,819
Additions	18	427	45	-	490
Disposals	-	(36)	(1)	-	(37)
At 31st December 2017	4,285	2,859	126	2	7,272
Depreciation					
At 1st January 2017	10	406	14	2	432
Provided for the year	-	682	22	-	704
Disposals	-	(29)	(1)	-	(30)
At 31st December 2017	10	1,059	35	2	1,106
Net book value					
At 31st December 2017	4,275	1,800	91	-	6,166
At 31st December 2016	4,257	2,062	68	-	6,387

The net book value of tangible fixed assets includes an amount of £536,000 in respect of assets under finance leases and hire purchase contracts. The related depreciation on these assets for the year was £186,000. Assets in the course of construction which have not been depreciated total £408,000 (2016 - £196,000).

The historical cost of the freehold land and buildings is £2,855,000.

Notes to the Company accounts continued

5. INVESTMENTS

Subsidiary undertakings

	£'000
At 1st January 2017 and 31st December 2017	598

The list of subsidiaries is disclosed in note 23 of the consolidated financial statements.

6. EMPLOYEES

	2017 No.	2016 No.
Office and management	6	6

	£'000	£'000
Directors' remuneration		
Emoluments for qualifying service	53	51

Further details of directors' remuneration are included in the remuneration report.

7. PROFIT FOR THE FINANCIAL YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

8. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Other taxes	50	6
Prepayments	17	44
Amounts owed by a subsidiary company	914	1,266
	981	1,316

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Bank overdraft	775	-
Bank loan - secured	99	108
Corporation tax	5	1
Trade creditors	112	8
Accruals	69	33
Hire purchase - secured	214	185
	1,274	335

Cross guarantees exist in respect of all Group company bank borrowings. At 31st December 2017 the borrowings guaranteed by the Company amounted to £nil (2016 - £971,000).

Notes to the Company accounts continued

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £'000	2016 £'000
Bank loan - secured	**124**	215
Hire purchase creditor - secured	**285**	400
	409	615

The bank loan and hire purchase creditors are secured by fixed charges over certain assets of the Company.

11. PROVISIONS FOR LIABILITIES

	2017 £'000	2016 £'000
Deferred tax liability		
Rolled over capital gains	**58**	72
Property fair value adjustment	**101**	116
	159	188

	Deferred tax £'000
Balance at 1st January 2016	**188**
Credit to income statement during the year	**(29)**
Balance at 31st December 2017	**159**

Deferred tax has been recognised at a rate of 17% (2016 – 17%) based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

12. SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised:		
480,000 Ordinary shares of 25p each	**120**	120
1,200,000 'A' Ordinary shares of 25p each	**300**	300
	420	420
Allotted, called up and fully paid:		
480,000 Ordinary shares of 25p each	**120**	120
960,000 'A' Ordinary shares of 25p each	**240**	240
	360	360

The 'A' Ordinary shares rank pari passu in all respects with Ordinary shares except that the holders of 'A' Ordinary shares are not entitled to vote at general meetings. Holders of Ordinary shares are entitled to one vote for every four shares held.

Five year record

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Turnover	31,449	28,415	26,470	24,292	22,954
Profit from operations	2,341	1,394	897	1,236	1,075
Profit before tax	2,201	1,274	1,950	1,125	1,010
Profit after tax	1,580	855	1,542	782	752
Basic and diluted earnings per share	109.73p	59.34p	107.05p	54.31p	52.23p

Explanatory notes of resolutions

The following notes give an explanation of the proposed resolutions. Resolutions 1 to 4 inclusive are proposed as Ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

The directors consider that all of the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend that shareholders vote in favour of all of the resolutions, as the directors intend to do in respect of their own beneficial holdings.

BUSINESS TO BE TRANSACTED AT THE AGM

Details of the resolutions which are to be proposed at the AGM are set out below.

Ordinary resolutions

1. **To receive and adopt the report and accounts**

   The directors are required to present the accounts for the year ended 31st December 2017 to the meeting.

2. **Confirmation of dividends**

   To confirm the interim dividend on the ordinary and 'A' ordinary shares of 3.10p per share paid on 21st October 2017 and 7.10p per share paid on 18th May 2018.

3. **Re-appointment of directors**

   The Articles of Association of the Company require the nearest number to one third of the directors to retire at each Annual General Meeting. Accordingly, Nicholas Braime and Andrew Walker are retiring by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election. Cielo Cartwright, Group Finance Director, was appointed since the last AGM and being eligible, offers herself for election.

4. **Re-appointment of auditors**

   The Company is required to appoint auditors at each Annual General Meeting to hold office until the next such meeting at which accounts are presented. The resolution proposes the reappointment of the Company's existing auditors, Kirk Newsholme, and authorises the directors to agree their remuneration.

T.F. & J.H. BRAIME (HOLDINGS) P.L.C.

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