

Company Registration No. 01672130 (England and Wales)

BRYKEN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2021



BRYKEN LIMITED

COMPANY INFORMATION

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

BRYKEN LIMITED

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BRYKEN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

The directors present the strategic report for the year ended 30 November 2021.

Fair review of the business

The company has achieved a better than expected result for the year in a challenging industry. Turnover has increased by 8.6% to £10.1m (2020: £9.3m), and the company's gross profit margin (a key performance indicator) increased to 38.2% (2020: 32.0%). Gross profit has increased to £3.8m (2020: £3.0m).

The company has continued to closely monitor administrative costs.

The company expects an improved position in 2022 as it looks to continue to provide excellent customer service and outstanding products. The current pandemic has obviously had an impact on the company operationally, however the company has continued to trade throughout the period.

Liquidity risk

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

Foreign currency risk

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

Credit risk

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

On behalf of the board



N. Lund
Director

25 August 2022

BRYKEN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2021

The directors present their annual report and financial statements for the year ended 30 November 2021.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £6,195,700. The directors do not recommend payment of a final dividend.

Directors

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

N. Lund
B. Taylor
P. Taylor
S. Taylor

Research and development

The company continues to invest in the development of its technology. The directors regard investment in research and development as essential for maintaining its position in the market and for the continued growth and success of the business.

Auditor

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

Statement of directors' responsibilities

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

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

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

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

Strategic report

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

BRYKEN LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

Statement of disclosure to auditor

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

On behalf of the board



N. Lund
Director

25 August 2022

BRYKEN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRYKEN LIMITED

Opinion

We have audited the financial statements of Bryken Limited (the 'company') for the year ended 30 November 2021 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

BRYKEN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRYKEN LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and sector, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, the Companies Act 2006, UK tax, employment, pension and health and safety legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgements and revenue recognition.

BRYKEN LIMITED

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

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management about actual and potential litigation and claims, their policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- obtaining an understanding of provisions and holding discussions with management to understand the basis of recognition or non-recognition of tax provisions;
- reviewing the basis of valuation for stock and reviewing post year end activity to determine the net realisable value; and
- in addressing the risk of fraud through management override of controls: testing the appropriateness of journal entries; assessing whether the accounting estimates, judgements and decisions made by management are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Jackson Stegler LLP

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

26 August 2022

Chartered Accountants
Statutory Auditor

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

BRYKEN LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 NOVEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	10,050,559	9,253,937
Cost of sales		(6,214,635)	(6,293,724)
Gross profit		<u>3,835,924</u>	<u>2,960,213</u>
Distribution costs		(56,035)	(51,988)
Administrative expenses		(2,161,270)	(2,034,206)
Other operating income		244,417	444,330
Exceptional item	4	<u>6,000,000</u>	-
Operating profit	5	<u>7,863,036</u>	<u>1,318,349</u>
Interest receivable and similar income	9	888	1,427
Interest payable and similar expenses	10	(14,236)	(11,967)
Profit before taxation		<u>7,849,688</u>	<u>1,307,809</u>
Tax on profit	11	(314,830)	(233,548)
Profit for the financial year		<u>7,534,858</u>	<u>1,074,261</u>
Retained earnings brought forward		6,833,165	7,906,904
Dividends	12	(6,195,700)	(2,148,000)
Retained earnings carried forward		<u><u>8,172,323</u></u>	<u><u>6,833,165</u></u>

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

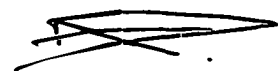
BRYKEN LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	13		118,778		140,202
Tangible assets	14		3,775,982		3,817,792
Investments	15		359,000		359,000
			<u>4,253,760</u>		<u>4,316,994</u>
Current assets					
Stocks	16	1,431,455		680,686	
Debtors	17	2,974,353		3,341,733	
Cash at bank and in hand		2,924,310		1,611,781	
		<u>7,330,118</u>		<u>5,634,200</u>	
Creditors: amounts falling due within one year	18	(2,608,343)		(2,498,906)	
Net current assets			<u>4,721,775</u>		<u>3,135,294</u>
Total assets less current liabilities			<u>8,975,535</u>		<u>7,452,288</u>
Creditors: amounts falling due after more than one year	19		(208,711)		(226,788)
Provisions for liabilities	20		(592,901)		(390,735)
Net assets			<u>8,173,923</u>		<u>6,834,765</u>
Capital and reserves					
Called up share capital	24		1,600		1,600
Profit and loss reserves	25		8,172,323		6,833,165
Total equity			<u>8,173,923</u>		<u>6,834,765</u>

The financial statements were approved by the board of directors and authorised for issue on 25 August 2022 and are signed on its behalf by:



N. Lund
Director

Company Registration No. 01672130

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

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

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

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

1.2 Going concern

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

1.3 Turnover

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

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

Revenue for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies (Continued)

1.4 Intangible fixed assets other than goodwill

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

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

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

Software	20% per annum reducing balance basis
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1.5 Tangible fixed assets

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

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

Leasehold improvements	10% per annum straight line basis
Plant and machinery	22% per annum reducing balance basis
Fixtures and fittings	10% per annum reducing balance basis and 33% per annum straight line basis
Motor vehicles	50% per annum reducing balance basis

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

1.6 Fixed asset investments

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

1.7 Impairment of fixed assets

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

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

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

1.8 Stocks

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

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

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.10 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

1 Accounting policies

(Continued)

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1.15 Leases

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

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

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

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants received under the Coronavirus Job Retention Scheme have been accounted for on a receivable basis.

1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.18 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

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

3 Turnover and other revenue

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

	2021	2020
	£	£
Turnover analysed by class of business		
Manufactured precision engineering parts and services	10,050,559	9,253,937

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	9,242,535	8,847,304
Europe	808,024	406,633
	<u>10,050,559</u>	<u>9,253,937</u>

	2021	2020
	£	£
Other significant revenue		
Interest income	888	1,427
Grants received	244,417	444,330
	<u>245,305</u>	<u>445,757</u>

4 Exceptional item

	2021	2020
	£	£
Income		
Loan waiver	(6,000,000)	-

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

5 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(11)	(23,961)
Government grants	(244,417)	(444,330)
Fees payable to the company's auditor for the audit of the company's financial statements	13,285	13,025
Fees payable to the company's auditor for non audit services	9,300	-
Depreciation of owned tangible fixed assets	601,518	721,228
Depreciation of tangible fixed assets held under finance leases	322,283	207,639
Loss on disposal of tangible fixed assets	5,010	976
Amortisation of intangible assets	21,424	-
	<u>21,424</u>	<u>-</u>

6 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	13,285	13,025
	<u>13,285</u>	<u>13,025</u>
For other services		
Other taxation services	16,650	5,100
All other non-audit services	9,688	11,725
	<u>26,338</u>	<u>16,825</u>

7 Employees

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

	2021	2020
	Number	Number
Production	47	49
Administration	32	32
	<u>79</u>	<u>81</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

7 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,241,503	2,639,371
Social security costs	204,002	229,592
Pension costs	156,454	145,705
	<u>2,601,959</u>	<u>3,014,668</u>

8 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	33,648	28,108
Company pension contributions to defined contribution schemes	7,800	6,300
	<u>41,448</u>	<u>34,408</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

9 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	6	1,427
Other interest income	882	-
	<u>888</u>	<u>1,427</u>

10 Interest payable and similar expenses

	2021	2020
	£	£
Interest on finance leases and hire purchase contracts	14,236	11,723
Other interest	-	244
	<u>14,236</u>	<u>11,967</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

11 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	238,753	167,924
Adjustments in respect of prior periods	(126,089)	(49,660)
Total current tax	<u>112,664</u>	<u>118,264</u>
Deferred tax		
Origination and reversal of timing differences	78,775	82,793
Changes in tax rates	123,391	32,491
Total deferred tax	<u>202,166</u>	<u>115,284</u>
Total tax charge	<u>314,830</u>	<u>233,548</u>

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

	2021 £	2020 £
Profit before taxation	<u>7,849,688</u>	<u>1,307,809</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,491,441	248,484
Tax effect of expenses that are not deductible in determining taxable profit	934	1,227
Change in unrecognised deferred tax assets	(929)	-
Adjustments in respect of prior years	(126,089)	(49,660)
Permanent capital allowances in excess of depreciation	(53,548)	-
Depreciation on assets not qualifying for tax allowances	1,439	1,006
Deferred tax effect of rate change	123,391	32,491
Effect of differences in corporation and deferred tax rates	18,191	-
Loan waiver	(1,140,000)	-
Taxation charge for the year	<u>314,830</u>	<u>233,548</u>

A UK corporation tax rate of 25% was announced in the Chancellor's Budget of 3 March 2021, along with a temporary extension to the loss carry-back rules allowing up to £2m of tax losses to be carried back to the preceding 3 periods. The 25% rate will apply from 1 April 2023 and the carry-back of losses is expected to apply to year ends 31 December 2020 and 31 December 2021.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

12 Dividends

	2021 £	2020 £
Interim paid	6,195,700	2,148,000

13 Intangible fixed assets

	Software £
Cost	
At 1 December 2020 and 30 November 2021	140,202
Amortisation and impairment	
At 1 December 2020	-
Amortisation charged for the year	21,424
At 30 November 2021	21,424
Carrying amount	
At 30 November 2021	118,778
At 30 November 2020	140,202

14 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 December 2020	362,048	9,151,095	101,704	69,934	9,684,781
Additions	4,685	946,645	5,253	38,414	994,997
Disposals	(21,353)	(1,147,000)	-	(30,434)	(1,198,787)
At 30 November 2021	345,380	8,950,740	106,957	77,914	9,480,991
Depreciation and impairment					
At 1 December 2020	180,488	5,587,783	37,860	60,858	5,866,989
Depreciation charged in the year	27,239	858,772	21,434	16,356	923,801
Eliminated in respect of disposals	(16,264)	(1,041,217)	-	(28,300)	(1,085,781)
At 30 November 2021	191,463	5,405,338	59,294	48,914	5,705,009
Carrying amount					
At 30 November 2021	153,917	3,545,402	47,663	29,000	3,775,982
At 30 November 2020	181,560	3,563,312	63,844	9,076	3,817,792

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

14 Tangible fixed assets

(Continued)

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

	2021 £	2020 £
Plant and machinery	1,608,489	1,243,591

15 Fixed asset investments

	2021 £	2020 £
Unlisted investments	359,000	359,000

16 Stocks

	2021 £	2020 £
Raw materials and consumables	463,875	394,355
Work in progress	88,298	66,802
Finished goods and goods for resale	879,282	219,529
	1,431,455	680,686

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,689,554	2,199,212
Corporation tax recoverable	90,036	283,385
Amounts owed by group undertakings	75,877	75,877
Other debtors	57,157	659,423
Prepayments and accrued income	61,729	123,836
	2,974,353	3,341,733

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

18 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	20	657,899	674,973
Trade creditors		1,571,815	1,083,452
Corporation tax		-	167,924
Other taxation and social security		213,619	411,115
Other creditors		-	66,582
Accruals and deferred income		165,010	94,860
		<u>2,608,343</u>	<u>2,498,906</u>

19 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	20	<u>208,711</u>	<u>226,788</u>

20 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	657,899	674,973
In two to five years	<u>208,711</u>	<u>226,788</u>
	<u>866,610</u>	<u>901,761</u>

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

21 Provisions for liabilities

	Notes	2021 £	2020 £
Deferred tax liabilities	22	<u>592,901</u>	<u>390,735</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

22 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
ACAs	592,901	390,735
	<u>592,901</u>	<u>390,735</u>
Movements in the year:		2021 £
Liability at 1 December 2020		390,735
Charge to profit or loss		202,166
Liability at 30 November 2021		<u>592,901</u>

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

23 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	156,454	145,705
	<u>156,454</u>	<u>145,705</u>

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

At the year-end accrued pension contributions amounted to £18,652 (2020: £6,795).

24 Share capital

	2021 £	2020 £
Ordinary share capital Issued and fully paid		
100 Ordinary Shares of £1 each	100	100
1,500 Ordinary Non-Voting Shares of £1 each	1,500	1,500
	<u>1,600</u>	<u>1,600</u>

25 Profit and loss reserves

The profit and loss reserve relates to cumulative profit and losses less distributions to shareholders.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2021

26 Operating lease commitments

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

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

	2021	2020
	£	£
Within one year	136,282	136,282
Between two and five years	487,333	544,000
In over five years	-	79,333
	<u>623,615</u>	<u>759,615</u>

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

27 Related party transactions

Transactions with related parties

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

	Sale of goods	
	2021	2020
	£	£
Connected company	2,341,987	1,145,728

Connected companies are considered connected to Bryken Limited by virtue of a common shareholder who controls both entities.

The following amounts were outstanding at the reporting end date:

	2021
Amounts owed by related parties	£
Connected company	839,319

	2020
Amounts owed in previous period	Balance
	£
Connected company	389,819

During the year the company paid rent of £136,000 (2020: £56,667) to a director of the company.

28 Directors' transactions

The advances were interest free, repayable on demand and the company held no security in their respect.

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

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
B. Taylor - director	-	620,134	514,962	(1,135,096)	-
		<u>620,134</u>	<u>514,962</u>	<u>(1,135,096)</u>	<u>-</u>

The advances were interest free, repayable on demand and the company held no security in their respect.

BRYKEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2021

29 Ultimate controlling party

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

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

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