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BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2020

Company Registration no: 02668025

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2020

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Company information

Directors

F J Rahmatallah
N M Ball

Secretary

N M Ball

Registered Office

Synnovia
Room 1.1
London Heliport
Bridges Court Road
London
SW11 3BE

Auditor

Moore (NW) LLP
110-114 Duke Street
Liverpool
L1 5AG

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2020

Strategic report

The Directors present their Strategic report for the year ended 31 March 2020. The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

BNL (UK) Limited, which manufactures plastic ball bearings and related assemblies, had a weak year with revenue down (7)% on the previous year, after a strong prior year in which revenue rose by 19.8% in constant currency terms. This weakness was primarily attributable to two key account customers who were significantly behind due to their own internal issues. Both these key account customers are expected to see stronger growth through FY2021.

In contrast, BNL has seen a significant upturn in conversion towards the end of the financial year and the immediate pipeline for further business wins is stronger than it has ever been.

During FY2020, BNL achieved a number of key strategic developments of which the major one was the complete relocation of our Thai subsidiary's facility to a larger factory.

Many of the activities which BNL is currently undertaking to develop the business are being overshadowed by the Covid-19 outbreak, however we remain focused on the delivery of good conversion results and strategic initiative progress.

Objectives and Strategy

BNL's strategy continues to be to focus on major accounts and projects in substantial growing application areas where injection moulded plastic ball bearings have clear value-added advantages. These applications include steering columns, instrument control knobs, dishwashers, CCTV cameras, food conveyor systems and water applications. The new business pipeline at BNL (projects already won but not yet in production or not yet at full production rate) remains strong, even given the impact of Covid-19 and this business is expected to flow through over the next three to four years. The pipeline of projects which we are working to convert is very healthy.

Key performance indicators

The Company's key financial performance indicator is that of operating profit. In the year ended 31 March 2020, operating profit was £180,555, margin of 1.3%, compared to £478,304, margin of 3.1% achieved in the prior year.

Principal Risks and Uncertainties

The principal risks that BNL faces are:

- General economic environment – over the year, the Company has been exposed to a weak global economy which was severely impacted towards the year end by covid-19. Management has mitigated this risk by (i) ensuring that the cost base is appropriate for the sale volume levels; and (ii) a continued effort in winning new business.

- Adverse currency movements impacting profitability - BNL invoices customers in a number of different currencies, including US Dollars, Euro and Japanese Yen. Similarly, BNL's costs are paid in a number of different currencies. As a result, the Group is subject to foreign currency exchange risk. The Directors believe, however, that these risks are mitigated by the fact that some of the Group's sales are matched in terms of currencies by costs. The remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards and foreign currency borrowings.

- Intellectual property protection – BNL's success depends in part on protecting its intellectual property. BNL relies on its technological know-how, established over many years, to maintain its leading position. This intellectual property is closely guarded through trade secrets and contractual provisions. In addition, BNL will initiate claims or litigation against third parties for infringement of its proprietary rights or to establish the validity of its proprietary rights.

Brexit

Brexit is one of the most significant economic events for the UK and at the time of the Company's year end its effects were uncertain.

However, a Brexit agreement was reached on 30 December 2020 between the EU and the UK. There have been no adverse impact to the business to date arising from this and there are not expected to be any significant issues going forward.

COVID-19

The covid-19 outbreak towards the end of FY2020 is a critical global problem and has resulted in a public health and an economic crisis. Results for the year have been adversely affected where we sell into end-market such as the automotive sector. This is anticipated to have adverse consequences for our results and performance in FY2021.

Our operations have had to get used to a "distanced and deep cleaned" operating environment, whilst office-based functions are working from home and using videoconferencing. All operations have stayed open and producing – no customers have been let down and we have also continued to pay staff fully even though some have been off work due to self-isolation, sickness or shielding.

Financially, we have taken numerous steps to manage our cash flow tightly, including use of government support such as the deferral of liabilities and use of the Coronavirus Job Retention Scheme. We have also produced a reforecast to help us anticipate how the evolution of the crisis is likely to affect future cash flows.

Future Developments

As detailed in last year's Annual Report, BNL's future developments will be focused on major accounts and projects in substantial growing application areas where injection moulded plastic ball bearings have clear value-added advantages.

By order of the Board

N M Ball
Director

Date: 4 February 2021

Room 1.1
London Heliport
Bridges Court Road
London
SW11 3BE

Directors' report

The Directors present their Directors' report and the audited financial statement for the year ended 31 March 2020.

Under the Companies Act 2006 s414C(11), the information relating to future developments and risk management are included in the Strategic report

Principal activities

The principal activity of the Company is the design, moulding and manufacture of plastic bearings and associated assemblies. Operating in a global marketplace, BNL supplies a variety of blue-chip OEMS worldwide, both direct and via its subsidiary companies.

Business Review

The Company's reported turnover for the year ended 31 March 2020 was £14,240,547 compared with £15,291,040 for the prior year, which represents a 6.9% decrease in turnover in the current year. The profit for the financial year was £10,319 (2019: £452,873).

Proposed dividend

The Directors do not recommend the payment of a dividend.

Directors

The Directors who held office during the year were as follows:

- F J Rahmatallah
- N M Ball

Auditors

The auditors, Moore (NW) LLP, were appointed by the Directors following a tender for the audit after year ended 31 March 2019. The previous auditors, KPMG LLP, did not seek reappointment.

Financial risk management objectives and policies

The Company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and income statement of the Company.

Disclosure of information of auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

N M Ball

N M Ball
Director

Date: 4 February 2021

Room 1.1
London Heliport
Bridges Court Road
London
SW11 3BE

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom 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 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 estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, 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 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 responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2020

Independent Auditor's Report the members of BNL (UK) Limited

Opinion

We have audited the financial statements of BNL (UK) Limited Limited (the 'Company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, 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 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent Auditor's Report the members of BNL (UK) Limited (continued)

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 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. or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

The purpose of our audit work and to whom we owe our responsibilities

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.

Keith Miller (Senior Statutory Auditor)
for and on behalf of Moore (NW) LLP
Chartered Accountants
Statutory Auditor
110 -114 Duke Street
Liverpool
L1 5AG
Date: 5 February 2021

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2020

Income Statement and Statement of Comprehensive Income
For the year ended 31 March 2020

	Notes	**2020** £	2019 £
Turnover	2	14,240,547	15,291,040
Cost of sales		(10,814,307)	(10,916,079)
Gross profit		3,426,240	4,374,961
Distribution costs		(643,253)	(1,653,005)
Administrative expenses (including exceptional costs of £30,351) (2019 £nil))		(2,602,432)	(2,243,652)
Operating profit	3	180,555	478,304
Interest payable and similar charges	6	(144,469)	(121,735)
Profit on ordinary activities before taxation		36,086	356,569
Tax on profit on ordinary activities	7	(25,767)	96,304
Profit on ordinary activities after taxation		10,319	452,873
Profit on ordinary activities after taxation		10,319	452,873
Other comprehensive income: items that will not be reclassified to profit or loss		-	-
Total comprehensive income for the year		10,319	452,873

All the turnover and operating profit for the current year and preceding year relates to continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2020

BALANCE SHEET
As at 31 March 2020

	Notes	2020 £	2019 £
Fixed Assets			
Intangible fixed assets	8	1,171,605	1,053,420
Tangible fixed assets	9	2,629,966	2,762,860
Investments	10	1,554,971	1,554,971
		5,356,542	5,371,251
Current Assets			
Stocks	12	815,256	851,079
Debtors	13	5,778,157	4,914,560
Cash and cash equivalents	14	820,931	408,729
		7,414,344	6,174,368
Creditors: amounts falling due within one year	15	(5,209,709)	(3,865,215)
Net current assets		2,204,635	2,309,153
Creditors: amounts falling due after more than one year	16	(3,371,497)	(3,587,412)
Provisions for liabilities and charges			
Deferred tax	17	(111,324)	(24,955)
Net assets		4,078,356	4,068,037
Capital and reserves			
Called up share capital	18	3,389,113	3,389,113
Share premium account		40,888	40,888
Capital redemption reserve		1,000	1,000
Profit and loss account		647,355	637,036
Total shareholders' funds		4,078,356	4,068,037

The financial statements were approved by the Board of Directors and authorised for issue on 4 February 2021 and were signed on its behalf by:

N M Ball
Director

Company Registration no: 02668025

The notes on pages 12 to 23 form part of these financial statements.

Statement of changes in equity
For the year ended 31 March 2020

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£	£
Balance at 1 April 2018	3,389,113	40,888	1,000	184,163	3,615,164
Profit for the year	-	-	-	452,873	452,873
Total comprehensive income	-	-	-	452,873	452,873
Balance at 1 April 2019	3,389,113	40,888	1,000	637,036	4,068,037
Profit for the year	-	-	-	10,319	10,319
Total comprehensive income	-	-	-	10,319	10,319
Balance at 31 March 2020	3,389,113	40,888	1,000	647,355	4,078,356

The notes on pages 12 to 23 form part of these financial statements.

1. Accounting Policies

Company information

BNL UK Limited ("the Company") is a private company and is incorporated and domiciled in the UK. The address of its registered office is Room 1.1 London Heliport, Bridges Court Road, London, SW11 3BE.

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. This is the first set of financial statements prepared under FRS 102. The date of transition to FRS 102 is 1 April 2019. There are no financial impacts on the transition to FRS 102.

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 pound.

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

During the year the directors have reassessed the basis on which overheads are allocated to cost of sales. The financial effect of this change in 2020 is that cost of sales decreased by £314,166, distribution costs have decreased by £942,114 and overheads are increased by £1,231,738.

1.2 Going concern

The company made a profit for the year of £10,319 (2019: profit of £452,873) and as at the balance sheet date had net assets of £4,078,356 (2019: £4,068,307). Towards the end of the year, there has been the global impact of the Coronavirus (COVID-19) pandemic. Since the year end, the company remains profitable at EBITDA level and has sufficient cash reserves. The company has assessed the potential risks and the impact on the business as a result of the pandemic. A cost deferral and reduction plan has been put in place in order to minimise the impact of potential risks.

The company is an obligor to the group bank facility agreement and is ultimately financed by the group's facility. The group meets its funding requirements through a group wide term loan, overdraft facility, asset based finance facility, export finance facility and invoice discounting facility.

The directors have prepared revised projections which reflect the anticipated impact of the pandemic, reflecting a gradual improvement through the rest of 2021. The directors believe that there will continue to be a demand for the group's products as the UK economy is gradually reopened. They believe that whilst their customers have been adversely impacted by the lockdown, they have the financial strength and ongoing pipeline of work that will provide the group with the demand for its products.

The directors have considered mitigating actions within the control of management including reductions in areas of discretionary spend. These forecasts demonstrate that the group will continue to operate with sufficient headroom within the facility terms in place for the duration of the facility which expires in June 2023.

As a result the directors are confident that they have the ability to respond effectively to continued uncertainty and as a result, the directors believe that the company will be able to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

1.3 Turnover

There is no significant judgement involved in the estimation of revenues and no material contract assets or liabilities are recognised.

The Company recognises revenue based on the stand-alone selling price of each performance obligation. The selling price is determined based on the contract agreed with the customer. On inception of the contract the performance obligation is identified for each of the distinct goods or services to be provided to the customer. The following summarises the performance obligations we have identified for our major revenue lines and provides information on the time of when they are satisfied and the related revenue recognition policy.

Revenue on sale of goods

This represents all revenue earned in the year. The performance obligation in this case is the manufacture of products and the performance obligation is satisfied at the point in time that control passes to the customer. Revenue is recognised at this point, which is generally on dispatch.

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. 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. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

BNL (UK) LIMITED

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1 Accounting Policies

1.5 Cash and cash equivalents

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

1.6 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 trade and other receivables 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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.

1 Accounting Policies

Basic financial liabilities
Basic financial liabilities, including trade and other payables, 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.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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

1.8 Provisions
Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1 Accounting Policies

1.9 Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

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

Plant and machinery	10% and 20% per annum straight line
Fixtures and fittings	20% per annum straight line
Motor vehicles	25% per annum straight line

1.10 Employee benefits

The Company operates a defined contribution pension plan. The assets of the plan are held separately from those of the Company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the Company during the year.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.12 Taxation

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

1.13 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the year if the rates do not fluctuate significantly. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates ruling at that date or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account in the period in which they arise.

1 Accounting Policies

1.14 Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or to the financial statements in general within the next financial year are discussed below:

i) Stock provisioning

The Company designs, manufactures and sells plastic bags and polythene products and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

ii) Impairment of trade debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the ageing profile of receivables and historical experience.

1.15 Exemptions for qualifying entities under FRS 102 (include only where relevant and tailor as necessary)

The company has taken advantage of the following exemptions under the provisions of FRS 102:

i) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv) to prepare a reconciliation of the number of equity shares outstanding at the beginning and at the end of the financial year;

ii) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 (d) to prepare a statement of cash flows;

iii) The requirements of Section 11 paragraphs 11.39 to 11.48(a) and Section 12 paragraphs12.26 to 12.29A, regarding disclosures for financial liabilities and assets, as the equivalentdisclosures required by FRS 102 are included in the consolidated financial statements of the group in which the entity is consolidated; and

iv) From disclosing the company key management personnel compensation, as required by paragraph 33.7

1.16 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life. At 31 March 2020 the net book value of goodwill was £0 (2019: £0).

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1 Accounting Policies

1.17 Fixed assets 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.

1.18 Research and development and Intangible fixed asset

Research expenditure is recognised as an expense in the year in which it is incurred.
Development expenditures on an individual project are recognised as an intangible asset when the Company can *demonstrate:*
- an asset is created that can be identified (such as a new product);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

2. Turnover

Analysis of turnover by geographic region:	**2020**	2019
	£	£
UK	377,058	396,930
Overseas	13,863,489	14,894,110
	14,240,547	15,291,040

All turnover was derived from the principal activity of the Compai

3. Operating profit

	2020 £	2019 £
This is stated after charging:		
Auditors' remuneration for the:		
Audit of these financial statements	19,500	19,000
Other taxation services	0	0
Research and development expenditure	506,881	629,748
Depreciation of owned fixed assets	480,123	479,598
Depreciation of financed fixed assets	139,453	107,837
Amortisation of intangibles	230,889	158,147
Rentals payable under operating leases:		
Hire of plant and machinery	9,662	5,808
Other assets	201,320	200,832

4. Staff numbers and costs

The average number of full-time persons employed by the Company during the year, analysed by category, was as follows:

	2020 No.	2019 No.
Production staff	86	87
Administration and management staff	10	10
Sales and design	5	5
	101	102

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	3,378,767	3,446,174
Social security costs	365,058	348,983
Other pension costs (see note 5)	394,104	329,409
	4,137,929	4,124,566

5. Pension scheme

The Company operates a defined contributions pension scheme. The pension costs charge for the year ended 31 March 2020 was £394,109 (2019: £329,409), which represents the contributions payable by the Company to the scheme. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

6. Interest payable

	2020 £	2019 £
Bank loans, export finance and overdraft	82,085	36,805
Inter-company interest payable on loan from the parent company	62,384	84,930
	144,469	121,735

BNL (UK) LIMITED

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

7. Taxation

	2020	**2020**	2019	2019
	£	**£**	£	£
Current taxation:				
UK corporation tax on profits for the year	-		130,586	
Adjustments in respect of prior periods	(60,602)		(236,452)	
		(60,602)		(105,866)
Deferred taxation:				
Origination and reversal of temporary differenc(	46,962		(4,848)	
Adjustments in respect of prior periods	32,632		14,410	
Effect of tax rate change on opening balance	6,775		-	
		86,369		9,562
Tax on profit on ordinary activities		25,767		(96,304)

Factors affecting tax charge for the current year

	2020	2019
Tax reconciliation		
Profit on ordinary activities before taxation	36,086	356,659
Corporation tax at 19%	6,856	67,748
Effects of:		
R&D relief	15,390	-
Adjustments in respect of prior periods	20,937	(222,042)
Other	(17,416)	57,990
Tax charge/(credit) for the year	25,767	(96,304)

8. *Intangible fixed assets*

	Goodwill	Development costs	Total
Cost	£	£	£
At 1 April 2019	1,572,453	1,925,732	3,498,185
Additions	-	490,324	490,324
Disposals	-	(141,250)	(141,250)
At 31 March 2020	1,572,453	2,274,806	3,847,259
Impairment or amortisation			
At 1 April 2019	1,572,453	872,312	2,444,765
Charge for year	-	230,889	230,889
At 31 March 2020	1,572,453	1,103,201	2,675,654
Net book value			
At 31 March 2020	-	1,171,605	1,171,605
At 1 April 2019	-	1,053,420	1,053,420

9. Tangible fixed assets

	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
Cost	£	£	£	£
At 1 April 2019	7,828,735	1,076,347	29,234	8,934,316
Additions	314,248	175,766	-	490,014
Disposals	(10,845)	(600)	-	(11,445)
At 31 March 2020	8,132,138	1,251,513	29,234	9,412,885
Depreciation and impairment				
At 1 April 2019	5,356,293	789,733	25,430	6,171,456
Charge for year	494,433	121,339	3,804	619,576
Disposals	(7,893)	(220)	-	(8,113)
At 31 March 2020	5,842,833	910,852	29,234	6,782,919
Net book value				
At 31 March 2020	2,289,305	340,661	-	2,629,966
At 1 April 2019	2,472,442	286,614	3,804	2,762,860

Leased plant and machinery
At 31 March 2020 the net carrying amount of leased plant and machinery and motor vehicles was £946,099 (2019: £769,015). The leased equipment secures lease obligations (see Note 19)

10. *Investments*

	Shares in Group undertakings
Cost	£
At 1 April 2019 and 31 March 2020	1,600,196
Provisions	
At 1 April 2019 and 31 March 2020	(45,225)
Net book value	
At 31 March 2020	1,554,971
At 1 April 2019	1,554,971

Subsidiary Name	Country of incorporation	Registered Address	Principal activity	Class and nominal share value (£)		Percentages of shares held
BNL (US) Inc.	USA	56 Leonard Street, Unit 5, Foxboro, MA 02035, USA	Plastic Products	Ordinary	£1.00	100%
BNL (Japan) Inc.	Japan	7th Floor, Yamatane Aoki Building 8-1, Nihonbashi Hakozaki-cho, Chuo-ku, Tokyo,	Plastic Products	Ordinary	£388	100%
BNL (Thailand) Limited	Thailand	500/58 Moo, 3 Hemaraj Eastern Seaboard Industrial Estate T.Tasit A.Pluakdaeng, Rayong 21140, Thailand	Plastic Products	Ordinary	£2.11	100%

11. Operating lease commitments

At the balance sheet date, the Company had outstanding commitments for future lease payments under non-cancellable operating leases as follows:

	Land and buildings 2020	Land and buildings 2019	**Other items 2020**	Other items 2019
	£	£	£	**£**
Within 1 year	180,000	180,000	25,801	30,106
Between 2 and 5 years	90,000	270,000	39,635	56,168
More than 5 years		-	-	222
	270,000	450,000	65,436	86,496

During the year £210,982 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £206,640).

12. Stock

	2020	2019
	£	£
Raw Materials	223,735	215,568
Work in progress	348,458	372,041
Finished Goods	243,063	263,470
	815,256	851,079

13. Debtors

	2020	2019
	£	£
Trade debtors	1,288,529	2,090,826
Amounts owed by Group undertakings	4,197,165	2,423,365
Other debtors	-	75,158
Prepayments and accrued income	231,861	219,345
Taxation and social security	60,602	105,866
	5,778,157	4,914,560

Amounts owed by Group undertakings are interest free and are repayable on demand. The loan of £1,199,836 maybe recoverable after more than one year.

14. Cash and cash equivalents

	2020	2019
	£	£
Cash and cash equivalents	820,931	408,729
Total cash and cash equivalents	820,931	408,729

15. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to Group undertakings	1,856,794	1,866,284
Trade creditors	562,469	914,933
Net obligations under finance leases and hire purchase agreements	260,641	190,344
Taxation and social security	-	-
Other creditors and accruals	2,529,805	893,654
	5,209,709	3,865,215

The amounts owed to fellow group companies which are interest free and are repayable on demand is £1,856,794 (2019: £1,866,284). The amounts owed to fellow group companies which accrue interest at 2.75% is £0 (2019: £0)

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

	2020	2019
	£	£
Amounts owed to parent undertaking	2,999,667	3,281,397
Net obligations under finance leases and hire purchase agreements	371,830	306,015
	3,371,497	3,587,412

Amounts owed to parent undertaking accrue interest at 2.75% and are repayable on demand.

17. Provisions for liabilities

Deferred tax	2020	2019
	£	£
Balance at 1 April	24,955	15,393
Profit and loss account	86,369	9,562
Balance at 31 March	111,324	24,955

The elements of deferred taxation are as follows:

Accelerated capital allowances	111,324	24,955

18. Share capital

Authorised, issued and fully paid		
1,583,921 Redeemable Preference shares of £1 each	1,583,921	1,583,921
1,798,000 Ordinary shares of £1 each	1,798,000	1,798,000
71,920 'A' Ordinary shares of £0.10 each	7,192	7,192
	3,389,113	3,389,113

Ordinary shares and 'A' Ordinary shares

The 'A' Ordinary shares have the same voting rights as the Ordinary shares. The 'A' Ordinary shares have the same rights as the Ordinary shares on return of assets on liquidation or capital reduction.

Redeemable Preference shares

The Redeemable Preference shares can be redeemed at par by the Company on giving notice to the holders of the shares in accordance with the Company's articles of association. On a winding up the holders of the Redeemable Preference shares have priority over the other shareholders to receive an amount equal to the subscription price paid per share. The holders have no voting rights. The profits of the Company which are available for distribution shall be applied firstly in paying dividends to the holders of the Redeemable Preference shares unless they agree to pay dividends to the Ordinary shareholders.

19. Finance lease liabilities

At the balance sheet date, the Company had finance lease liabilities are payable as follows:

	Minimum lease payments	Interest	Principal
	2020	2020	2020
	£	£	£
Within 1 year	285,736	25,096	260,641
Between 2 and 5 years	400,682	28,852	371,830
More than 5 years	-	-	-
	686,418	53,947	632,471

	2019	2019	2019
	£	£	£
Within 1 year	206,360	16,016	190,344
Between 2 and 5 years	315,996	9,981	306,015
More than 5 years	-	-	-
	522,356	25,997	496,359

Finance lease liabilities are secured against the corresponding assets that the leases relate to.

20. Financial Instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,485,694	4,589,349
Equity instruments measured at cost less impairment	1,554,971	1,554,971
Carrying amount of financial liabilities		
Measured at amortised cost	8,581,206	7,452,627

21. Contingent liability

The ultimate parent company Synnovia plc has given a charge over its assets in favour of Barclays Bank. The amount of loans outstanding at the year end was £16,012,000 (2019: £20,510,000).

22. Related party transactions

As the Company is a wholly owned subsidiary of Synnovia plc, it has taken advantage of the exemption in FRS 102 from disclosing transactions with entities which form part of the Synnovia plc Group. Balances outstanding at the year end with entities included in the Synnovia plc Group are disclosed in aggregate in notes 13, 15 and 16.

23. Controlling parties

For the year ended 31 March 2020 the Company was a subsidiary of Synnovia plc incorporated in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Synnovia plc. The consolidated accounts of this company are available from Crown Way, Cardiff CR14 3UZ.

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2020

Proforma Group Accounts

Income Statement (Unaudited)

	2020	2019
	£	£
Turnover	16,102,090	16,647,655
Cost of sales	(9,460,596)	(9,624,143)
Gross Profit	6,641,494	7,023,512
Distribution costs	(991,731)	(1,962,385)
Administrative expenses	(5,185,076)	(4,236,084)
Operating Profit	464,687	825,043
Interest payable and similar charges	(139,733)	(133,955)
Profit on ordinary activities before taxation	324,954	691,088
Tax on profit on ordinary activities	(86,749)	45,692
Profit on ordinary activities after taxation	238,205	736,780

Note: The figures presented above represent unaudited proforma full year trading performance for the BNL Group. This consolidates the operations of BNL (UK) Limited and its subsidiaries.

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2020

Proforma Group Accounts

Balance Sheet (Unaudited)

	2020	2019
	£	£
Fixed Assets		
Intangible fixed assets	1,554,404	1,401,693
Tangible fixed assets	4,325,085	4,213,356
Investments		-
	5,879,489	**5,615,049**
Current Assets		
Stocks	1,928,604	1,921,755
Debtors	5,224,909	4,563,610
Cash and cash equivalents	1,306,705	816,745
	8,460,218	**7,302,110**
Creditors: amounts falling due within one year	(4,160,971)	(2,775,340)
Net current assets	**4,299,247**	**4,526,770**
Creditors: amounts falling due after more than one year	(3,371,497)	(3,615,529)
Provisions for liabilities and charges:		
Deferred tax	(111,324)	(24,955)
Net assets	**6,695,915**	**6,501,335**
Capital		
Called up share capital	3,389,113	3,389,113
Share premium account	40,888	40,888
Capital redemption reserve	1,000	1,000
Profit and loss account	3,264,914	3,070,334
Total shareholders funds	**6,695,915**	**6,501,335**