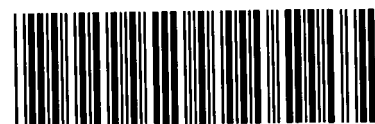


REGISTERED NUMBER: 569290 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

**FOR
BRAMMER UK LIMITED**

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BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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BRAMMER UK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

M R G Dixon
C G Parker

REGISTERED OFFICE:

Dakota House
Concord Business Park
Manchester
M22 0RR

REGISTERED NUMBER:

569290 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Statutory Auditor & Chartered
Accountants
1 Hardman Square
Spinningfields
Manchester
M3 3EB

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

Brammer UK Limited is a wholly owned subsidiary of Rubix Group Holdings Limited. Rubix Group are the market leading pan-European distributor of industrial products and services with customers being some of the biggest blue chip companies in their sectors. For these companies, we help drive their business forward supporting their need for profitability, productivity, quality and consistency.

The Rubix Group geographic footprint covers 22 countries, which gives us a more extensive European coverage than any of our competitors, and we have a portfolio of in-market brands with strong reputations. Brammer UK Limited are the authorised distributor of many of the world's leading engineering component manufacturer and supply Bearings, Mechanical Power Transmission components, Fluid Power, Tools and General Maintenance products, together with engineering and associated industrial services, to the maintenance repair and overhaul ("MRO") market across the UK.

OUR MARKET

We operate in a highly fragmented market, and with a market share of approximately 5%, our market share will not be a constraint to growth in the future.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

We use the following key performance indicators (KPIs) to measure and track performance. Each KPI relates directly to our long-term strategy.

	2019 £m	2018 £m
Revenue	210.8	214.9
Sales per working day (SPWD) decrease	(2.1%)	(14.0%)
Gross Profit %	29.7%	28.9%
Sales, Distribution and Administration costs before exceptional items as a percentage of sales	33.4%	31.9%
Operating loss	(4.2)	(13.4)
Exceptional items	3.7	(7.0)
Adjusted operating loss before exceptional items	(7.9)	(6.4)
Depreciation and amortisation	3.7	3.7
Group management fee	11.4	1.9
EBITDA before group management fees and exceptional items	7.2	(0.9)
Operating return on sales before exceptional items	(2.0%)	(3.0%)

Revenue

Revenue has decreased by £4.1m to £210.8m. This is due to a drive to reduce low margin sales in favour of product lines that give a higher margin.

Gross profit

The gross profit for the year was £62.6million (2018: £62.1million), with gross margin increasing by 80 basis points to 29.7% (2018: 28.9%), primarily driven by commercial strategy to strengthen the transactional and gross margin of the business.

SDA costs

Total reported SDA (Sales distribution and administrative) costs decreased by £8.7 million to £66.8 million (2018: £75.5million). This is mainly due to the gain on the write off of the intercompany balances of £7.8m. SDA costs have increased as a proportion to revenue due to the contraction in revenue discussed above along with rising costs that cannot always be passed on to the end customer. The company continues to review its management of these costs and savings initiatives.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Exceptional items

The 2019 exceptional income of £3.7 million recognised in arriving at operating loss comprises:

Headcount and other restructuring costs	£3.3m
Gain on write off intercompany balance	(£7.8m)
Other exceptional costs	£0.5m
Acquisition costs	£0.3m

Included within the operating loss is exceptional income of £3.7m. The merger of IPH and Brammer in late 2017 provided an exciting platform on which to build a market leading distributor. During 2019 the company undertook restructuring activity to achieve synergy benefits of the merger and exceptional charges of £3.3m have been incurred on restructuring and headcount reduction.

~~Dormant intercompany balances of £7.8m were written off during the year.~~

During the year the company acquired the entire share capital of Peter Campbell (Sales) Limited and Hydra Engineering Services Limited resulting in an acquisition costs of £0.26m.

There were other exceptional costs of £0.5m including corporate rebranding.

Adjusted operating loss before exceptional items

The adjusted operating loss in the year was £7.9 million (2018: £6.4 million).

Results for the year

	2019 £'000	2018 £'000
Turnover	210,817	214,918
Loss for the financial year	(3,728)	(9,508)

Subsidiary Undertakings

The company has a 100% owned subsidiary, Brammer Island ehf, located in Iceland which is responsible for the company's contracts in that country. The company also wholly owns Matrix Tooling Services Limited, a cutting tools and precision engineering services company registered in England.

On 16 October 2019 the company acquired the entire share capital of Peter Campbell (Sales) Limited, a cutting tools and precision engineering company registered in Scotland. Consideration and directly attributable costs totalled £6.4m for the acquisition.

On 06 December 2019 the company acquired the entire share capital of Hydra Engineering Services Limited, a company registered in England that manufactures and refurbishes hydraulic cylinders. Consideration and directly attributable costs totalled £2.5m for the acquisition.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES

A formal review of all commercial risks is performed on a six monthly basis by the senior leadership team review and this review informs the strategic direction pursued by the company. The principal risks affecting the company are considered below:

Withdrawal or loss of a major supplier		
<p>Risk The business is dependent on its key suppliers which it represents in a multi-brand environment to the customer base.</p> <p>Impact The unforeseen withdrawal or loss of a major supplier could cause significant harm to the company's ability to service customers in the short term.</p>	<p>Strategic Importance The overall business strategy at Group level includes leveraging economies of scale when purchasing in order to provide better value for customers across the entire geographical footprint.</p>	<p>Controls and Mitigation The relationship with strategic suppliers is mutually dependent and enhanced by our partnership approach to key accounts. In addition, concentrating spend with core suppliers enables favourable purchasing terms including rebates. A significant reduction of purchases in any one year can have an impact on rebates or pricing from suppliers. The business continues to invest time in maintaining strong relationships with its core suppliers and, due to the range of suppliers it deals with, the loss of any one supplier can be mitigated by moving spend to an alternative supplier.</p>
Loss of a major customer		
<p>Risk There is always a risk that the business loses a significant key account contract.</p> <p>Impact The loss of significant numbers of key accounts could have an adverse effect on revenue growth and an impact on other focus areas of cross-selling opportunities. As a distributor in a fragmented market following the rebrand to Rubix, Brammer derives great benefits from its first-class reputation as an industry leader in its service offering to key accounts, which could be potentially damaged with significant loss of major customers.</p>	<p>Strategic Importance A core part of the growth strategy for the business is a focus on winning and maintaining those significant customers it views as key accounts.*</p>	<p>Controls and Mitigation The business does not have dependency on any single customer, with no customer representing > 2% of revenue. Key account customers are carefully monitored by the senior management team via regular reviews and reporting, and via a comprehensive group-wide key account strategy to ensure European-wide coordination where possible.</p>
Expected benefits from Strategic Acquisitions may not be realised		
<p>Risk Acquisitions involve a number of risks related to the performance of the acquired business and challenges arising from integration.</p> <p>Impact If benefits from acquisitions are not realised, there could be an impact on forecasted performance and the potential for disruption to the underlying core business.</p>	<p>Strategic Importance Part of the overall Rubix group strategy is growth through selective acquisitions.</p>	<p>Controls and Mitigation Through a formal and well established acquisition strategy, potential targets are carefully researched prior to any purchase by an experienced M&A team and are closely monitored by Rubix Group senior management subsequent to acquisition.</p>

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Loss of infrastructure/systems		
<p>Risk IT Infrastructure and associated systems, including business ERPs, could fail to function in a timely and accurate fashion.</p> <p>Impact Failure of our IT Infrastructure or key IT systems could result in loss of information, inability to operate effectively, financial or regulatory penalties and could adversely affect our reputation. For the company, which is a distributor of products, these key processes are in the area of inventory and order management; sales and delivery management and transactional record keeping, including financial books and records.</p>	<p>Strategic Importance The business strives to achieve a consistent level and quality of service across our businesses and functional IT infrastructure and systems are a fundamental requirement to achieve that.</p>	<p>Controls and Mitigation As with most large organisations that depend on Information Technology for their day-to-day operations, there are disaster recovery plans in place such as overnight and real-time back-up systems in place and stored offsite which can be expected to mitigate the worst effects of such disruption.</p>
		<p>Integration teams continually work to develop Group-wide solutions to business-critical processes which provide improved security and resilience against failure in the event that issues occur in our operations.</p>
Loss of key employees		
<p>Risk There is a risk of inability to retain key employees across the group.</p> <p>Impact The loss of key employees could lead to loss of information, damage to customer/supplier relationships and an inability to execute business strategy.</p>	<p>Strategic Importance Key employees assist our ability to meet our key strategic targets.</p>	<p>Controls and Mitigation The business regularly reviews its remuneration and succession plan arrangements to ensure that key managers are recognised and developed.</p> <p>Where appropriate, employment contracts contain relevant provisions regarding interaction with competitors and customers. Industry benchmarking and the use of external advisors form part of the recruitment process for key managers to ensure high calibre recruits to key roles.</p>

NEW UK TRADING RELATIONSHIP WITH THE EUROPEAN UNION

Since the last Financial Statements were issued the UK has left the European Union and entered an 11 month transition period whilst negotiations as to the future trading relationship with the European Union are ongoing.

Support is provided to Brammer UK through the Rubix Group who continue to monitor the situation closely in the UK and has a structured plan and approach to preparing the business for a reasonable worst-case scenario. In previous periods a detailed questionnaire was issued to the Group's supplier base, and the responses to this enabled a preparedness database to be built, from which a basis could be formed for risk mitigating actions. This situation continues to be under regular management review.

COVID-19 PANDEMIC

The global COVID-19 pandemic has been considered by the directors to have no material impact on the long term viability of the company. The company has carried out extensive risk and scenario planning, and has performed well during the period due to the proactivity of the company in enabling appropriate employee mobilisation, safe working practices, working with key suppliers and customers and effective cash management.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks including market risk, credit risk, price risk and cash flow and liquidity risk. We actively participate in Rubix group's overall risk management programme which focuses on the unpredictability of financial markets and which seeks to minimise the potential adverse effects on the company's financial performance. Market risk is mitigated by ensuring the business continues to supply a diverse range of sectors. The company frequently enters into contracts with both customers and suppliers agreeing fixed price terms as a means to combat price risk. The company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Management implement controls to manage these risks and have a continual review and improvement process. Prudent liquidity risk management maintains sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Rubix treasury aims to maintain flexibility in funding by keeping committed credit lines available and monitoring the cash flow position for all group entities.

COMMERCIAL RISK REVIEW

The company is dependent on its key suppliers which it represents in a multi-brand environment to Brammer UK Limited's existing customer base. The relationship with strategic suppliers is mutually dependent and enhanced by our partnership approach to key accounts. The company is continuing to secure additional support for its efforts to increase market share and is confident any withdrawal could be sourced from another supplier.

In the event of a loss of infrastructure or systems, the company has backup systems in place which can be expected to mitigate the worst effects of such disruption. The company continually works to develop improved resilience against failure in our key processes: stock and order management, sales and delivery management and transactional record keeping, including financial books and records.

Acquisitions involve a number of risks related to the performance of the acquired business and challenges arising from integration. Potential acquisitions are carefully researched prior to any purchase and closely monitored by Brammer UK Limited's management subsequent to acquisition.

To ensure continuity and maximise our competitive advantage the company remains committed to a number of incentive schemes linked to the group's results, which have been designed to retain key managers.

FUTURE DEVELOPMENT

Focus will continue in 2021 on delivering key account growth, developing our product categories, creating cross-selling opportunities with group companies and acquisitions, increasing our penetration of digital channels, as well as accelerating this growth through selective acquisitions. Rubix Group's healthy financial results throughout 2020, up to the date of approval of the audit report, together with our robust cash and financing position, give us a strong platform to achieve this growth.

POST BALANCE SHEET EVENTS

On 30 November 2020 the company acquired the entire issued share capital of Matara UK Ltd, a company incorporated in England.

SECTION 172 STATEMENT

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster and develop the company's business relationships with suppliers, customers and others; and
- the desirability of the company maintaining a reputation for high standards of business conduct, in line with wider Group practices;

The Directors have also considered the views and interests of a wider set of stakeholders, including regulators, government and non-governmental organisations. Considering and balancing this broad range of interests is an important part of the way the Directors makes decisions

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

SECTION 172 STATEMENT - continued

Engagement with stakeholders

The size and distribution of our stakeholders means that stakeholder engagement often takes place at an operational level. The Directors considers and discusses information from across the organisation to help it understand the impact of company operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Directors through reports sent in advance of each Directors meeting, and through in-person presentations. As a result of these activities, the Directors has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Engagement in action

The following are some examples of how the Directors have performed their duties as outlined in Section 172(1)(a)-(f):

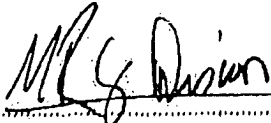
Interests of the company's employees:

The company's policies and actions in relation to employee engagement, employee development and health and safety are detailed in the Directors' Report on pages 5 - 7.

Business relationships:

We use a variety of sources to gauge the needs of our customers including a Group wide customer survey. The aim of this survey is to understand and quantify our customers' views in relation to our performance, and to measure our performance and level of improvement compared with last year's results. Appropriate action plans are subsequently put into place, including follow up communication with customers.

ON BEHALF OF THE BOARD:



M. G. Wilson Director

Date: 17/12/2020

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

DIVIDENDS

No dividend was paid or proposed during the current or previous financial year. No final dividend is proposed for the financial year.

DIRECTORS AND THEIR INTERESTS

No director was materially interested in any contract of significance with the company during the year.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions.

FINANCIAL RISK MANAGEMENT

This has been disclosed in the Strategic report on page 6.

FUTURE DEVELOPMENTS

This has been disclosed in the Strategic report on page 6.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the note 23 of the financial statements.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were M R G Dixon and C Parker.

M R G Dixon has held office during the whole of the period from 1 January 2019 to the date of this report.

Other changes in directors holding office are as follows:

C Parker - appointed 21 February 2019
D J Magrath - resigned 5 April 2019

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITIES

The company's intermediate parent company, Rubix Group International Limited, purchased and maintained throughout the financial year Directors' and Officers' liability insurance ("D&O Insurance") for directors and officers of itself and all direct and indirect subsidiaries of Rubix Group Holdings Limited (from time to time) including, but not limited to, its sister company Rubix Group Bufferco Limited and Brammer UK Limited. The D&O Insurance gives appropriate cover for certain legal action brought against the directors and officers of the company to the extent permitted by the law.

RESEARCH AND DEVELOPMENT

The company carries out development work, rather than research, in pursuit of new products and improved quality, competitiveness, performance and profitability. This expenditure is not material in relation to the size of the company and is charged to the profit and loss account as it is incurred except for expenditure of a capital nature.

EMPLOYEES

The most important factor in the consistent delivery of high quality service to our customers is our people. To ensure we maintain the highest service levels we continue to invest in training and development programmes, recruitment and staff induction and recognition programmes. We conduct a regular employee engagement surveys to measure the return on investment in people development and the level of job satisfaction and company engagement. Communication with employees has been strengthened through use of a Yammer, an internal social network, an employee forum with representatives from various departments and training through the Rubix Group academy. Employee engagement is further improved by a bonus incentive scheme tied to financial performance.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

EMPLOYEES - continued

The directors have further engaged with employees by working within their relevant streams across the business and are actively involved in day to day reporting and running of the business.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the company to give full and fair consideration to applications for employment received from disabled persons, having regard to their aptitudes and abilities; and whenever possible to continue the employment of, and arrange appropriate training for, employees who have become disabled during the period of their employment. The company provides the same opportunities for training, career development and promotion for disabled persons as for other employees.

OVERSEAS BRANCHES

The company has no overseas branches at the reporting date, nor were any in existence during the financial year.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

GOING CONCERN BASIS

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for twelve months from the date of the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

This conclusion is based on a review of the resources available in the Group, of which the Company is part. This conclusion takes into account the Group's financial projections together with available cash and committed borrowing facilities, and the covenants applicable to those bank facilities. In reaching this conclusion, the Directors have considered the magnitude of potential impacts resulting from uncertain future events or changes in market conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the directors would consider undertaking. The Group's forecasts and projections, taking account of this sensitivity analysis, show that the group is well placed to operate within the level of its current facilities over the next 15 months. Further comfort has also been taken from a letter of support in place from Rubix Group Holdings Limited.

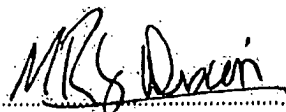
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



M R G Dixon - Director

Date: 17/12/2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRAMMER UK LIMITED**

Opinion

In our opinion, Brammer UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRAMMER UK LIMITED**

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

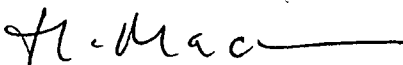
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.


Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Statutory Auditor & Chartered Accountants
1 Hardman Square
Manchester
M3 3EB

Date: 17 December 2020

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	£'000	2019 £'000	£'000	2018 £'000
TURNOVER	3		210,816		214,918
Cost of sales			(148,183)		(152,807)
GROSS PROFIT			62,633		62,111
Distribution costs		(53,543)		(58,248)	
Administrative expenses		(13,283)		(17,236)	
			(66,826)		(75,484)
OPERATING LOSS	5		(4,193)		(13,373)
Income from shares in group undertakings	7		-		2,950
			(4,193)		(10,423)
Interest payable and similar expenses	8		(513)		(1,445)
LOSS BEFORE TAXATION			(4,706)		(11,868)
Tax on loss	9		978		2,360
LOSS FOR THE FINANCIAL YEAR			(3,728)		(9,508)

The notes form part of these financial statements

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

BALANCE SHEET
31 DECEMBER 2019

	Notes	£'000	2019 £'000	£'000	2018 £'000
FIXED ASSETS					
Intangible assets	10		4,779		5,914
Tangible assets	11		9,412		9,907
Investments	12		<u>23,039</u>		<u>14,120</u>
TOTAL FIXED ASSETS			37,230		29,941
CURRENT ASSETS					
Stocks	13	20,228		17,776	
Debtors	14	32,114		57,850	
Cash at bank and In hand		<u>9,253</u>		<u>12,622</u>	
		61,595		88,248	
CREDITORS'					
Amounts falling due within one year	15	<u>(58,199)</u>		<u>(53,265)</u>	
NET CURRENT ASSETS			<u>3,396</u>		<u>34,983</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			40,626		64,924
CREDITORS					
Amounts falling due after more than one year	16		<u>(7,604)</u>		<u>(27,924)</u>
PROVISIONS FOR LIABILITIES	17		<u>(1,666)</u>		<u>(1,916)</u>
NET ASSETS			<u>31,356</u>		<u>35,084</u>
CAPITAL AND RESERVES					
Called up share capital	18		147		147
Share premium account			41,188		41,188
Accumulated losses			<u>(9,979)</u>		<u>(6,251)</u>
TOTAL SHAREHOLDERS' FUNDS			<u>31,356</u>		<u>35,084</u>

The financial statements on pages 13 to 31 were approved by the Board of Directors and authorised for issue on ~~17th December 2020~~ and were signed on its behalf by:


.....
M R G Dixon - Director

The notes form part of these financial statements

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £'000	Accumulated losses £'000	Share premium account £'000	Total equity £'000
Balance at 1 January 2018	147	3,257	13,188	16,592
Changes in equity				
Issue of share capital	-	-	28,000	28,000
Total comprehensive expense	-	(9,508)	-	(9,508)
Balance at 31 December 2018	147	(6,251)	41,188	35,084
Changes in equity				
Total comprehensive expense	-	(3,728)	-	(3,728)
Balance at 31 December 2019	147	(9,979)	41,188	31,356

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1: GENERAL INFORMATION

Brammer UK Limited is a private company limited by shares incorporated and registered in the UK. It is a wholly owned subsidiary of Rubix International Limited. The address of the registered office of Brammer UK Limited is Dakota House, Concord Business Park, Manchester, M22 0RR.

2: ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom, FRS 102, which have been consistently applied, and with the Companies Act 2006. The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of the Accounting policies, on page 20.

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 £1,000.

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

Going concern

The directors believe that preparing financial statements on the going concern basis is appropriate due to the continued financial support of Rubix Group Holdings Limited. The directors have received a letter of support confirming that Rubix Group Holdings Limited intends to support the company for at least one year after these financial statements are signed.

Financial Reporting Standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of the Company's ultimate parent undertaking, Rubix Group Holdings Limited, a company registered in the United Kingdom:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements to present a reconciliation of the number of shares at the beginning and end of the accounting year;
- the requirements of Section 33 Related Party Disclosure paragraph 33.7;
- the requirements to disclose key management personnel compensation in total.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Turnover

Turnover comprises the invoiced value for the sale of goods and services net of value-added tax, customer rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, which is usually on despatch or issued from a vending machine.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill is amortised over its expected useful life. Where the company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable software systems operated by the company and will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of direct overheads.

Expenditure which enhances or extends the performance of identifiable software systems beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 7 years.

Tangible fixed assets

Depreciation is provided by equal annual instalments to write off the cost of fixed assets net of residual values over their estimated useful lives.

In general the lives of the assets have been estimated as follows:

Freehold buildings	individually estimated subject to a maximum of 50 years
Leasehold properties	10 - 15 years
Plant, equipment and vehicle	5 - 10 years

Tangible assets are stated at historical cost net of depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

No depreciation is provided on freehold land.

Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments in subsidiaries

Investments in subsidiary undertakings are shown at cost subject to provision for impairment in valuation. Investments are reviewed annually for impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Inventories

Inventories are stated at the lower of cost, determined on a weighted average cost formula, and net realisable value. Cost of Inventory represents material and a proportion of procurement overheads. Provisions are made for slow moving and obsolete items. Net realisable value is estimated selling price in the ordinary course of business, less selling expenses.

Trade debtors

Trade debtors are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the best estimate of the amount recoverable. Trade receivables are derecognised when sold under a non-recourse factoring agreement and substantially all of the risks and rewards of ownership of the receivable have transferred.

Trade creditors

Trade creditors are non-interest bearing and are stated at their nominal value. Trade creditors are initially recognised at fair value and subsequently held at amortised cost.

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 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.

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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

(ii) 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 receipts 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.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements, when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. Deferred tax assets and liabilities are not discounted.

Deferred tax has been presented as a current asset on the face of the balance sheet in line with the provisions under SI 2008/410 1 Sch 1A (1).

Research and development

All expenditure on development is charged against profits in the year except expenditure of a capital nature which is capitalised and depreciated as noted above.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling on the balance sheet date.

The exchange differences on translation of net assets employed are dealt with through the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES - continued

Share capital

Ordinary shares are classified as equity.

Consolidation

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements, as these are prepared by the company's ultimate parent undertaking, Rubix Group Holdings Limited.

Exceptional items

Material Items of Income and expense are disclosed separately. Exceptional items are Items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the company's financial performance.

Critical accounting judgements and key sources of estimation uncertainty

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results.

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

(a) derecognition of trade receivables sold under non-recourse debt factoring agreements

Trade receivables are sold under a debt factoring agreement which has been assessed as a non-recourse scheme and as such the sold receivables have been derecognised in the balance sheet. There is a degree of judgement in assessing whether the risks and rewards of the trade receivables have been transferred to the factoring partner.

(b) deferred tax

Deferred tax assets are recognised on losses and capital allowances carried forward only to the extent that it is probable that they will be available to use against future profits and that there will be sufficient future taxable profit against which the temporary differences can be utilised. In arriving at a judgement in relation to the recognition of deferred tax assets, management considers the regulations applicable to taxation and whether there are likely to be sufficient future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

3. **TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019 £'000	2018 £'000
United Kingdom	208,915	209,947
Rest of Europe	1,901	2,130
Rest of World	-	2,841
	<u>210,816</u>	<u>214,918</u>

All turnover is from the principal activities of the business.

4. **EMPLOYEES AND DIRECTORS**

	2019 £'000	2018 £'000
Directors' emoluments		
Aggregate emoluments	596	623
Compensation for loss of office	-	183
	<u>596</u>	<u>806</u>
Highest paid director		
Aggregate emoluments	<u>415</u>	<u>363</u>

Pension contributions made on behalf of the directors in the year were as follows:

	2019 £'000	2018 £'000
All directors	62	67
Highest paid director	49	48

The number of directors to whom retirement benefits were accruing was as follows:

	2019	2018
Money purchase schemes	<u>2</u>	<u>2</u>

D J Magrath was also a director of Rubix Group Holdings Limited. His emoluments are paid by Rubix Group Holdings Limited with no recharge to the company. Due to other directorships held within the group, it is not possible to make an accurate apportionment of emoluments in respect of each of the subsidiaries. Accordingly, the details above include no emoluments in respect of this director. His total emoluments are disclosed in the consolidated financial statements of Rubix Group Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

EMPLOYEES AND DIRECTORS - continued

Aggregate emoluments of employees, excluding directors, were:

	2019 £'000	2018 £'000
Wages and salaries	34,710	36,613
Social security costs	3,423	3,673
Other pension costs	<u>1,972</u>	<u>1,927</u>
	<u>40,105</u>	<u>42,213</u>

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

	2019	2018
Marketing, selling and distribution	1,022	1,058
Administration	<u>120</u>	<u>148</u>
	<u>1,142</u>	<u>1,206</u>

5. **OPERATING LOSS**

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

	2019 £'000	2018 £'000
Depreciation - owned assets	1,757	1,559
(Profit)/loss on disposal of fixed assets	(367)	5
Goodwill amortisation	1,657	1,832
Computer software amortisation	218	229
Auditors' remuneration for audit services	119	112
Provision for impairment of inventories	(1,656)	(1,449)
Provision for impairment of trade debtors	(1,366)	(486)
Operating leases - other than plant and machinery	<u>5,464</u>	<u>4,606</u>

Fees for non-audit services of £6,510 (2018: £Nil) have been paid to the company's auditors in the year in relation to non-audit services.

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. EXCEPTIONAL ITEMS

	2019 £'000	2018 £'000
Headcount and other restructuring costs	3,300	2,621
Gain on write off of intercompany balance	(7,796)	1,236
Write off on liquidation of investment	-	2,709
Acquisition costs	263	-
Other exceptional costs	454	450
	<u>(3,679)</u>	<u>7,016</u>

Included within the operating loss is exceptional income of £3.7m. The merger of IPH and Brammer in late 2017 provided an exciting platform on which to build a market leading distributor. During 2019 the company undertook restructuring activity to achieve synergy benefits of the merger and exceptional charges of £3.3m have been incurred on restructuring and headcount reduction.

Dormant intercompany balances of £7.8m were written off during the year.

During the year the company acquired the entire share capital of Peter Campbell (Sales) Limited and Hydra Engineering Services Limited resulting in an acquisition costs of £0.26m.

There were other exceptional costs of £0.5m including corporate rebranding.

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2019 £'000	2018 £'000
Income from shares in group undertakings	<u>-</u>	<u>(2,950)</u>

During the year ended 31 December 2018 the company's 100% owned subsidiary, Premier Bearing Limited, was liquidated. A dividend on liquidation was paid of £2,949,751.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Bank and other interest payable	47	70
Group interest receivable	(464)	(293)
Debt factoring related costs	638	449
Holding company loan	<u>292</u>	<u>1,219</u>
	<u>513</u>	<u>1,445</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

9. TAX ON LOSS

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	(461)	aaaa-
Deferred Tax:		
Current year	(2,098)	-
Adjustment in respect of prior years	1,581	(2,443)
Impact of change to future tax rate		83
Total Deferred tax	<u>(517)</u>	<u>(2,360)</u>
Tax on loss	<u>(978)</u>	<u>(2,360)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Loss before tax	<u>(4,706)</u>	<u>(11,868)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(894)	(2,255)
Effects of:		
Expenses not deductible for tax purposes	(5)	46
Impairment of investments and loans	(1,481)	189
Adjustments in respect of pensions	(423)	(423)
Adjustment to future tax rate	244	83
Adjustment in respect of prior years	1,581	-
Total tax credit	<u>(978)</u>	<u>(2,360)</u>

Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17.0% from 1 April 2020. Deferred taxes at the year end date have been measured using these enacted tax rates and reflected in the financial statements. In the budget in March 2020, the Chancellor announced that the future reduction in the corporate tax rate from 19.0% to 17.0% would not be going ahead. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17.0%. However, it is possible that the corporation tax rate remains at 19.0% after 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

10. INTANGIBLE ASSETS

	Goodwill £'000	Computer software £'000	Totals £'000
COST			
At 1 January 2019	23,160	1,729	24,889
Additions	-	740	740
At 31 December 2019	<u>23,160</u>	<u>2,469</u>	<u>25,629</u>
AMORTISATION			
At 1 January 2019	18,466	509	18,975
Amortisation for year	<u>1,657</u>	<u>218</u>	<u>1,875</u>
At 31 December 2019	<u>20,123</u>	<u>727</u>	<u>20,850</u>
NET BOOK VALUE			
At 31 December 2019	<u>3,037</u>	<u>1,742</u>	<u>4,779</u>
At 31 December 2018	<u>4,694</u>	<u>1,220</u>	<u>5,914</u>

The goodwill is amortised over a useful life of 10 years and is recognised within administrative expenses. The remaining goodwill will be fully amortised within 2 years.

Computer Software is amortised over a useful life of 7 years and is recognised within administrative expenses.

11. TANGIBLE ASSETS

	Land and buildings £'000	Plant, equipment and vehicles £'000	Totals £'000
COST			
At 1 January 2019	15,060	15,855	30,915
Additions	1,393	1,310	2,703
Disposals	<u>(2,677)</u>	<u>(922)</u>	<u>(3,599)</u>
At 31 December 2019	<u>13,776</u>	<u>16,243</u>	<u>30,019</u>
DEPRECIATION			
At 1 January 2019	8,782	12,226	21,008
Charge for year	548	1,209	1,757
Eliminated on disposal	<u>(1,371)</u>	<u>(787)</u>	<u>(2,158)</u>
At 31 December 2019	<u>7,959</u>	<u>12,648</u>	<u>20,607</u>
NET BOOK VALUE			
At 31 December 2019	<u>5,817</u>	<u>3,595</u>	<u>9,412</u>
At 31 December 2018	<u>6,278</u>	<u>3,629</u>	<u>9,907</u>

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. TANGIBLE ASSETS - continued

The net book value of land and buildings comprises:

	2019 £'000	2018 £'000
Freehold	27	1,312
Long leasehold	-	62
Short leasehold	<u>5790</u>	<u>4,904</u>
	<u><u>5,817</u></u>	<u><u>6,278</u></u>

Capital commitments

There are capital commitments of £337,000 (2018 - £890,000) for which contracts have been placed.

Operating lease commitments

The company was committed to minimum annual lease payments as follows:

	2019 £'000	2018 £'000
Property		
Within one year	2,441	2,429
Between one and five years	7,558	6,884
After five years	<u>7,876</u>	<u>5,586</u>
	<u><u>17,875</u></u>	<u><u>14,899</u></u>
Other		
Within one year	1,493	1,988
Between one and five years	<u>1,952</u>	<u>1,239</u>
	<u><u>3,445</u></u>	<u><u>3,227</u></u>

12. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2019	14,120
Additions	<u>8,919</u>
At 31 December 2019	<u><u>23,039</u></u>
NET BOOK VALUE	
At 31 December 2019	<u><u>23,039</u></u>
At 31 December 2018	<u><u>14,120</u></u>

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. INVESTMENTS - continued

The company's Investments at the Balance Sheet date in the share capital of companies include the following:

Brammer Island ehf

Registered office: Hlidarsmari 12, 200 Kopavogur, Iceland
Nature of business: Cutting tools and precision engineering

Class of shares:	%
Equity	holding 100.00

Matrix Tooling Services Limited

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR
Nature of business: Cutting tools and precision engineering

Class of shares:	%
Equity	holding 100.00

Peter Campbell (Sales) Limited.

Registered office: Abercorn House, 79 Renfrew Road, Paisley, Scotland, PA3 4DA
Nature of business: Cutting tools and precision engineering

Class of shares:	%
Equity	holding 100.00

Hydra Engineering Services Limited

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR
Nature of business: Machining

Class of shares:	%
Equity	holding 100.00

The directors believe that the carrying value of the investments is supported by their underlying net assets.

On 16 October 2019 the company acquired the entire share capital of Peter Campbell (Sales) Limited, a cutting tools and precision engineering company registered in Scotland. Consideration and directly attributable costs totalled £6.4m for the acquisition.

On 06 December 2019 the company acquired the entire share capital of Hydra Engineering Services Limited, a company registered in England that manufactures and refurbishes hydraulic cylinders. Consideration and directly attributable costs totalled £2.5m for the acquisition.

13. STOCKS

	2019	2018
	£'000	£'000
Goods for sale	<u>20,228</u>	<u>17,776</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of £3,849,470 (2018 - £5,505,036).

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. DEBTORS

	2019	2018
	£'000	£'000
Trade debtors	8,903	24,281
Amounts owed by group undertakings	12,788	23,350
Deferred tax asset (Note 17)	9,075	8,558
Prepayments and accrued income	1,348	1,661
	<u>32,114</u>	<u>57,850</u>

Trade debtors are stated after provisions for impairment of £364,357 (2018 - £1,730,820).

Amounts owed by group undertakings include group loans which accrue interest at 0.1% plus 3M LIBOR rate. The loans are revolving 12 month credit facilities which are repayable on demand by the lender.

On 3 August 2018 the company entered in a debt factoring arrangement with Facto France SA. This created a fixed and floating charge over the underlying book debts (Trade Debtors) of the company that have been subject to factoring.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Trade creditors	29,968	28,720
Factored debts	10,236	14,689
Amounts owed to group undertakings	13,627	1,840
Taxation and social security	1,245	2,999
Other creditors	1,495	942
Accruals and deferred income	1,628	4,075
	<u>58,199</u>	<u>53,265</u>

Amounts owed to group undertakings accrue interest at 2.85% plus 3M LIBOR rate. The loan is an unsecured revolving 12 month credit facility which is repayable on demand by the lender.

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

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	7,604	27,924

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and incur interest at a rate on a calculated daily basis equivalent to 2.85% above 3M LIBOR rate.

17. PROVISIONS FOR LIABILITIES

	2019	2018
	£'000	£'000
Other provisions		
Dilapidation provisions	1,666	1,804
Onerous contracts	-	112
	<u>1,666</u>	<u>1,916</u>

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £'000	Other provisions £'000
Balance at 1 January 2019	(8,558)	1,916
Credit to Income Statement during year	<u>(517)</u>	<u>(250)</u>
Balance at 31 December 2019	<u>(9,075)</u>	<u>1,666</u>

As part of the Company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between 2020 and 2030 as the leases terminate.

The deferred taxation asset comprises:

	2019 £'000	2018 £'000
Depreciation in excess of capital allowances	-	404
Losses	8,890	8,335
Other timing differences	<u>184</u>	<u>(181)</u>
	<u>9,075</u>	<u>8,558</u>

In accordance with the provisions of FRS 19 'deferred tax', full provision has been made for deferred tax on assets and liabilities arising on timing differences. It is expected that the company and associated companies will earn sufficient taxable profits in the future that will allow the deferred tax asset to be utilised.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £'000	2018 £'000
147,141	Ordinary	£1	<u>147</u>	<u>147</u>

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. PENSION COMMITMENTS

The UK group operates the Brammer Services Limited Retirement Pension Scheme, which, until 28 February 2006, provided benefits on a final salary and defined contribution basis. With effect from 1 March 2006, the defined benefit section of the scheme was closed to future accrual. Existing members of the defined benefit section were offered membership of the defined contribution section scheme. The defined benefit scheme is funded by the group and contributions are paid as determined by the actuary following discussions with the trustees and the company. The assets of the scheme are held in nominee accounts separate from the group's finances under the control of the trustees. The trustees have no investment in the share capital of the Parent Company, Rubix International Limited.

The scheme operates under UK trust law and the trust is a separate legal entity from the company. The scheme from 28 April 2017 is governed by a sole independent trustee. The trustee is, required by law to act in the best interests of scheme members. The scheme exposes the company to actuarial risks including longevity risk, interest rate risk, and market (investment) risk.

Rubix Group International Limited has an agreed deficit funding plan with the trustees of the scheme to make payment, indexed for inflation, until 2023. Employer contributions for 2020 are currently estimated to be £6.0 million.

Brammer UK Limited makes an annual contribution towards the deficit funding of £576,000 per annum. This is included in the total funding plan from the Parent Company.

Under FRS 102 the company is unable to identify its share of the underlying assets of the above scheme and during 2019, the trustees conducted an investment advisor review and, as part of this, made the decision to appoint a fiduciary manager. As part of the transition to the fiduciary portfolio, the Scheme invested in a leveraged liability driven investment portfolio which is made up of underlying investments in UK government bonds, cash and derivatives. The assets within this portfolio are expected to react to changes in interest rates and inflation in a similar way to the Scheme's long-term liabilities. The transition to the fiduciary portfolio (including the Liability Driven Investment ("LDI") portfolio) was completed in early 2018 following the completion of a bulk Retirement Transfer Option. In addition, the Scheme holds a buy-in policy with Pensions Insurance Corporation which matches the interest rate, inflation and longevity risk perfectly for a subset of the Scheme's pensioner membership. A value has been placed on the insurance policy which is equivalent to the liability matched by the policy (approximately €18.0 million).

The latest completed triennial actuarial valuation of the scheme was carried out as at 31 December 2017, using the market-related basis whereby assets are taken into account at their market value, by an Independent actuary employed by Barnett Waddingham LLP. The valuation showed that the market value of the scheme's assets (including the value of the buy-in policy) was £117.1 million as at 31 December 2017, which represented 80% of the value of the benefits that had accrued to members at that date. Following completion of the triennial actuarial valuation, the company agreed a deficit funding plan with the trustees of the Scheme to make payments of £6.0 million per annum in the years to 2019 to 2021 inclusive reducing to £4.0 million per annum for the years 2022 to 2024 inclusive. The assumptions, which were agreed between the company and trustees, that have the most significant effect on the results of the triennial valuation are those related to the rates of return on investments and the rates of increase in future price inflation and pensions.

The next actuarial valuation of the Scheme is due as at 31 December 2020.

The weighted average duration of the defined benefit obligation at 31 December 2019 is approximately 21 years. Full particulars about the scheme and the defined benefit pension liability are disclosed in the financial statements of Rubix Group International Limited.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

PENSION COMMITMENTS - continued

A defined contribution scheme, the 'Brammer Services Defined Contribution Pension Scheme' was launched on 1 January 2002 for new UK employees joining the group and membership of that scheme was offered to existing members of the defined benefit scheme with effect from 1 March 2006, the date at which the defined benefit scheme was closed to future accrual.

The charge in the year for this scheme was £1,351,656 (2018 - £1,351,480).

The amount outstanding in relation to pension contributions at 31 December 2019 was £265,368 (2018 - £222,312).

20. ULTIMATE CONTROLLING COMPANY

The immediate parent undertaking is Rubix International Limited, both entities are consolidated into Rubix Group Holdings Limited, which is the smallest and largest company to prepare consolidated financial statements. The financial statements of Rubix Group Holdings Limited can be obtained at Dakota House, Concord Business Park, Manchester, England M22 0RR.

The ultimate holding company is AI Robin (Cayman) Limited.

The ultimate controlling party is Advent Funds GPE VIII.

21. CONTINGENT LIABILITIES

The company is a guarantor to the Rubix Group International Limited group bank facility whereby it agrees to discharge on demand, in part or in total, bank borrowings under this facility of other companies within the group. These borrowings are secured by fixed and floating charges over specific assets of the company.

22. POST BALANCE SHEET EVENTS

On 30 November 2020 the company acquired the entire issued share capital of Matara UK Ltd, a company incorporated in England.