

**MCBRAIDA PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**



**MCBRAIDA PLC**

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**MCBRAIDA PLC**

**COMPANY INFORMATION**

**Directors**                    K M McBraida  
   I J McBraida  
   M P McBraida

**Company secretary**    K M McBraida

**Registered office**        Bridgegate Engineering Works  
   Bridgegate  
   Warmley  
   Bristol  
   BS30 5JW

**Bankers**                     HSBC Bank Plc  
   76 Regent Street  
   Kingswood  
   Bristol  
   BS15 8LH

**Auditors**                    Hazlewoods LLP  
   Staverton Court  
   Staverton  
   Cheltenham  
   GL51 0UX

## **MCBRAIDA PLC**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021**

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

#### **Principal activity**

The principal activity of the company is precision engineering for high technology industries.

#### **Fair review of the business**

The results for the year which are set out in the profit and loss account show turnover of £13,904k (2020 - £31,583k) and an operating profit of £642k (2020 - £5,870k). At 30 June 2021 the company had net assets of £14,239k (2020 - £13,781k). The directors are satisfied with the performance of the company during the year and the results it has achieved.

The results this year reflect the significant impact of Covid-19 on the aerospace industry. Sales at the start of the year were dramatically lower with some mild recovery during the year sales ended at less than half of last year, it is unsurprising that profits also fell dramatically. That said the directors took fast and effective action to mitigate the fall in sales by aggressively reducing direct costs where ever possible and took full advantage of the support the UK offered. In particular the company used the Furlough scheme to allow staff to remain employed until the worst effects of the downturn were known and demand had stabilised.

The strategic action to diversify the customer and product base, although still largely within the aerospace sector, has continued and this helps to spread the risk.

Despite the challenges of operating at a distance the Company has maintained its excellent relationship with the principal customers and to provide excellent level of service. Further investment has been made in production facilities, processes and staff which will help ensure flexibility as the industry recovers from these times of extraordinary change.

#### **Future developments**

As last year, the consequence of Covid-19 and the ongoing pandemic, means that the aerospace industry faces significant operational and financial challenges. The Company is not immune to these operational challenges and difficult market conditions, however, it is robust with good management and financial resilience. The Directors remain confident that the Company continues to be well placed to deliver excellent levels of service, invest in its facilities and staff and to take advantage of opportunities in existing markets. Current industry predictions suggest that the drop in activity and financial impact will last until about 2024. The Company has been prudent in financial management to enable it to remain stable over this extended period.

#### **Financial key performance indicators**

The Company used a number of key financial and other performance indicators during the year. Turnover and gross profit margins are the main financial measures that the Directors use to judge the performance of the Company. The unprecedented decline in demand since April 2020 has been monitored closely and steps taken to adjust the costs base and take advantage of the Governments' support packages to retain the vast majority of our workforce, however it is recognised this support will only be short term and will not last until our industry recovers.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company are in respect of changes surrounding the aerospace industry given the prevailing economic circumstances and the impact this may have on demand for the Company's products. This has been brought into sharp focus with the decline in numbers of airline passenger and consequential demand for aerospace components during the pandemic. That said, the mothballing of old aircraft during and the availability of new, more cost effective and environmentally friendly aircraft means the long term prospects of the industry are encouraging. Difficult trading conditions often lead to opportunities for those businesses with the reserves to come out of the situation in good financial health like McBraida. The risks are mitigated by a continued significant investment in production facilities and staff to enable the group to support it's customers and to maintain its performance relative to competitors in the industry.

**MCBRAIDA PLC**

**STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021**

**Financial instruments**

A commentary on the financial instruments held by the company and the company's exposure to price, credit, interest rate and liquidity risk is provided in note 16 to the financial statements.

**Research and development**

The company undertakes research and development activities primarily in relation to its involvement in the high technology industry in which it is engaged to ensure it maintains its competitive position.

**Going concern**

In accordance with Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2006' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

As noted above the company has been impacted by the Covid-19 pandemic, but has continued to trade during this time and has put in place procedures to manage costs and cash flows. The company has also taken advantage of the availability of government support, and utilised the Coronavirus Job Retention Scheme during the year.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Approved by the Board on <sup>17/12/2021</sup> ..... and signed on its behalf by:

*Ian McBraida*

.....  
I J McBraida  
Director

**MCBRAIDA PLC**

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021**

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

**Directors of the company**

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

K M McBraida - Company secretary and director

I J McBraida

M P McBraida

**Dividends**

Dividends of £- were paid in the year (2020 - £2,500,000).

**Political and charitable contributions**

During the year the company made charitable donations totalling £750,000 (2020 - £425,000) to a charity supporting humanitarian causes.

**Disclosure of information to the auditors**

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Reappointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Hazlewoods LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on <sup>17/12/2021</sup> ..... and signed on its behalf by:

*Ian McBraida*

.....  
I J McBraida  
Director

## **MCBRAIDA PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 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.

## **MCBRAIDA PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCBRAIDA PLC**

#### **Opinion**

We have audited the financial statements of McBraida Plc (the 'company') for the year ended 30 June 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The 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.

## **MCBRAIDA PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCBRAIDA PLC**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**MCBRAIDA PLC**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCBRAIDA PLC**

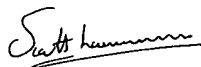
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

**Use of this report**

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



.....  
Scott Lawrence (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court  
Staverton  
Cheltenham  
GL51 0UX

Date: 20/12/2021.....

**MCBRAIDA PLC****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £ 000	2020 £ 000
Turnover	3	13,904	31,583
Cost of sales		<u>(12,845)</u>	<u>(24,240)</u>
Gross profit		1,059	7,343
Distribution costs		(237)	(261)
Administrative expenses		(1,466)	(1,440)
Exceptional items	4	<u>1,286</u>	<u>228</u>
Operating profit	5	642	5,870
Interest receivable and similar income		<u>6</u>	<u>9</u>
Profit before tax		648	5,879
Taxation	9	<u>(190)</u>	<u>(988)</u>
Profit for the financial year		<u><u>458</u></u>	<u><u>4,891</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 12 to 24 form an integral part of these financial statements.

**MCBRAIDA PLC****(REGISTRATION NUMBER: 00533277)  
BALANCE SHEET AS AT 30 JUNE 2021**

	Note	2021 £ 000	2020 £ 000
<b>Fixed assets</b>			
Tangible assets	12	1,835	2,227
<b>Current assets</b>			
Stocks	13	1,589	3,300
Debtors	14	8,289	8,160
Investments	15	6,099	6,098
Cash at bank and in hand		851	1,197
		<u>16,828</u>	<u>18,755</u>
Creditors: Amounts falling due within one year	16	<u>(2,697)</u>	<u>(4,213)</u>
Net current assets		<u>14,130</u>	<u>14,542</u>
Total assets less current liabilities		15,965	16,769
Creditors: Amounts falling due after more than one year	16	(1,346)	(2,730)
Deferred tax	9	242	67
Other provisions	18	<u>(623)</u>	<u>(325)</u>
Net assets		<u>14,239</u>	<u>13,781</u>
<b>Capital and reserves</b>			
Called up share capital	19	50	50
Profit and loss account		<u>14,189</u>	<u>13,731</u>
Total equity		<u>14,239</u>	<u>13,781</u>

Approved and authorised by the Board on <sup>17/12/2021</sup> ..... and signed on its behalf by:

*Ian McBraida*

.....  
I J McBraida  
Director

**MCBRAIDA PLC****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 July 2019	50	11,340	11,390
Profit for the year	-	4,891	4,891
Dividends	-	(2,500)	(2,500)
	<u>50</u>	<u>13,731</u>	<u>13,781</u>
At 30 June 2020	<u>50</u>	<u>13,731</u>	<u>13,781</u>

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 July 2020	50	13,731	13,781
Profit for the year	-	458	458
	<u>50</u>	<u>14,189</u>	<u>14,239</u>
At 30 June 2021	<u>50</u>	<u>14,189</u>	<u>14,239</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

## MCBRAIDA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Bridgegate Engineering Works  
Bridgegate  
Warmley  
Bristol  
BS30 5JW

#### 2 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

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.

##### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

##### Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

##### Name of parent of group

These financial statements are consolidated in the financial statements of McBraida Holdings Limited.

The financial statements of McBraida Holdings Limited may be obtained from the company's registered office.

##### Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

##### Critical accounting judgements and key sources of estimation uncertainty

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

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

## MCBRAIDA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 2 Accounting policies (continued)

##### **Judgements**

###### Valuation of stocks, and measurement of provision for impairment (see note 12)

The cost of work in progress and finished goods includes labour and attributable overheads. These estimates are based on factors that include the labour time spent bringing those stocks into their current location and condition, and an estimate of the overhead costs incurred during that period. Judgement is also required regarding the classification of labour and overhead costs between those that are attributable to production activity, and those that are non-production costs.

At each reporting date, stocks are assessed for impairment. The carrying values of stocks are compared to their net realisable values, being the estimated sales price less costs to complete and sell. This requires judgements regarding the expected future usage and/or sale of individual stock lines.

##### **Key sources of estimation uncertainty**

###### Tangible fixed assets (see note 11)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

###### Investments (see note 14)

In relation to the determination of carrying value of investments at fair value through the statement of comprehensive income, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of each investment drives the valuation methodology.

Unquoted investments are valued using a price/earnings multiple methodology. The relevant price/earnings multiple is determined by reference to those applying to quoted companies. This multiple is then applied to the earnings of the investee company in the year, after adjustments for one-off unusual income or expenditure in the year.

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****2 Accounting policies (continued)**

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

**Intangible assets**

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Patents	20% straight line

**Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	8.33% straight line
Plant & machinery	15-23% reducing balance
Motor vehicles	25% reducing balance
Fixtures & fittings	20% reducing balance
Computer equipment	33.33% straight line
Short life plant & ancillary equipment	20% straight line

**Current asset investments**

Current asset investments comprise cash on deposit and cash equivalents with a maturity of less than one year, which are available only on more than 24 hours notice. Such investments qualify as 'basic' financial instruments and are valued at the amount receivable.

Interest on cash deposits and cash equivalents is recognised when receivable.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the 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 the receivables.

## **MCBRAIDA PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

#### **2 Accounting policies (continued)**

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

##### **Trade creditors**

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Provisions**

Provisions are recognised when the company has an obligation at the reporting date 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.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## MCBRAIDA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 2 Accounting policies (continued)

##### **Government grants**

Government grants have been recognised as income in the period in which the grant becomes receivable. During the year the Company has benefited from the Government's Coronavirus Job Retention Scheme (CJRS).

##### **Financial instruments**

###### ***Classification***

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

###### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

###### ***Impairment***

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

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

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****3 Revenue**

The analysis of the company's revenue for the year from continuing operations is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Rendering of services	<u>13,904</u>	<u>31,583</u>

The analysis of the company's turnover for the year by market is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
UK	10,974	22,602
Europe	462	2,466
Rest of world	<u>2,468</u>	<u>6,515</u>
	<u>13,904</u>	<u>31,583</u>

Profit before taxation and net assets are attributable to one class of business.

**4 Exceptional items**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Exceptional expenses	-	(104)
Other operating income	<u>1,286</u>	<u>332</u>
	<u>1,286</u>	<u>228</u>

The exceptional expenses relate to redundancies that had to be made in the year.

Government grants (included as other operating income above) have been recognised as income in the period in which the grant becomes receivable. During the year the Company has benefited from the Government's Coronavirus Job Retention Scheme (CJRS). The amount of grants recognised in the financial statements was £1,286,000 (2020 - £332,000).

**5 Operating profit**

Arrived at after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	536	652
Foreign exchange gains	(7)	-
Operating lease expense - property	<u>175</u>	<u>175</u>

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****6 Auditors' remuneration**

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
Audit of the financial statements	<u>30</u>	<u>30</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>11</u>	<u>8</u>

**7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
Wages and salaries	4,761	6,643
Social security costs	411	664
Pension costs, defined contribution scheme	<u>352</u>	<u>521</u>
	<u>5,524</u>	<u>7,828</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2021</b> <b>No.</b>	<b>2020</b> <b>No.</b>
Factory	135	139
Sales and administration	<u>10</u>	<u>13</u>
	<u>145</u>	<u>152</u>

**8 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
Remuneration	<u>414</u>	<u>947</u>

During the current and prior year no directors received benefits or share incentives.

In respect of the highest paid director:

	<b>2021</b> <b>£ 000</b>	<b>2020</b> <b>£ 000</b>
Remuneration	<u>178</u>	<u>567</u>

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****9 Taxation**

Tax charged/(credited) in the profit and loss account

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	376	1,230
UK corporation tax adjustment to prior periods	<u>(11)</u>	<u>(40)</u>
	<u>365</u>	<u>1,190</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(175)	(221)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>-</u>	<u>19</u>
Total deferred taxation	<u>(175)</u>	<u>(202)</u>
Tax expense in the income statement	<u>190</u>	<u>988</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	<u>648</u>	<u>5,879</u>
Corporation tax at standard rate	123	1,117
Effect of expense not deductible in determining taxable profit (tax loss)	223	114
Deferred tax credit relating to changes in tax rates or laws	(175)	(202)
Decrease in UK and foreign current tax from adjustment for prior periods	(11)	(40)
Tax increase/(decrease) from effect of capital allowances and depreciation	<u>30</u>	<u>(1)</u>
Total tax charge	<u>190</u>	<u>988</u>

**10 Dividends**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Dividends paid	<u>-</u>	<u>2,500</u>

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****11 Intangible assets**

	<b>Patents £ 000</b>
<b>Cost</b>	
At 1 July 2020 and 30 June 2021	26
<b>Amortisation</b>	
At 1 July 2020 and 30 June 2021	<u>26</u>
<b>Carrying amount</b>	
At 30 June 2020 and 30 June 2021	<u><u>-</u></u>

**12 Tangible assets**

	<b>Leasehold premises £ 000</b>	<b>Plant and machinery £ 000</b>	<b>Motor vehicles £ 000</b>	<b>Fixtures and fittings £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>					
At 1 July 2020	577	7,822	51	246	8,696
Additions	-	139	-	7	146
Disposals	<u>-</u>	<u>(94)</u>	<u>-</u>	<u>-</u>	<u>(94)</u>
At 30 June 2021	<u>577</u>	<u>7,867</u>	<u>51</u>	<u>253</u>	<u>8,748</u>
<b>Depreciation</b>					
At 1 July 2020	571	5,639	38	221	6,469
Charge for the year	1	525	3	8	537
Eliminated on disposal	<u>-</u>	<u>(93)</u>	<u>-</u>	<u>-</u>	<u>(93)</u>
At 30 June 2021	<u>572</u>	<u>6,071</u>	<u>41</u>	<u>229</u>	<u>6,913</u>
<b>Carrying amount</b>					
At 30 June 2021	<u><u>5</u></u>	<u><u>1,796</u></u>	<u><u>10</u></u>	<u><u>24</u></u>	<u><u>1,835</u></u>
At 30 June 2020	<u><u>6</u></u>	<u><u>2,183</u></u>	<u><u>13</u></u>	<u><u>25</u></u>	<u><u>2,227</u></u>

Although the company holds no formal lease to the premises from which it operates the company is assured of its tenure by the Landlord and Tenant Act 1954.

**13 Stocks**

	<b>2021 £ 000</b>	<b>2020 £ 000</b>
Raw materials and work in progress	939	2,492
Finished goods	<u>650</u>	<u>808</u>
	<u><u>1,589</u></u>	<u><u>3,300</u></u>

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****14 Debtors**

	Note	2021 £ 000	2020 £ 000
Trade debtors		4,318	5,692
Amounts owed by related parties	21	3,178	1,209
Other debtors		61	159
Prepayments		77	80
Corporation tax asset	9	655	1,020
Total current trade and other debtors		<u>8,289</u>	<u>8,160</u>

**15 Current asset investments**

	2021 £ 000	2020 £ 000
Unlisted investments	23	23
Short term liquid investments	6,076	6,075
	<u>6,099</u>	<u>6,098</u>

**16 Creditors**

	Note	2021 £ 000	2020 £ 000
<b>Due within one year</b>			
Trade creditors		656	1,075
Social security and other taxes		217	413
Outstanding defined contribution pension costs		36	42
Other creditors		100	201
Accrued expenses		1,688	2,482
		<u>2,697</u>	<u>4,213</u>
<b>Due after one year</b>			
Loans and borrowings		<u>1,346</u>	<u>2,730</u>

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****17 Financial instruments****Categorisation of financial instruments**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Financial assets that are debt instruments measured at amortised cost	14,507	14,355
Financial liabilities measured at amortised cost	2,480	3,800

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, government grants received and other creditors.

The company faces price risk, credit risk, interest rate risk and liquidity risk as a result of its financial assets and liabilities. There is no significant currency risk, being the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**Price risk**

Price risk is the risk that an entity will suffer a financial loss through the fall in the price of an asset. The company is exposed to equity security price risk because of equity investments held by the company that are included as fixed asset investments on the statement of financial position. The company seeks to manage the price risk by having a diverse portfolio of investments held for the long term and investing in a number of different sectors.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company faces credit risk as a result of offering credit terms to its customers and holding cash and cash equivalents with financial institutions. The company seeks to mitigate the risk that arises from offering credit terms by performing credit checks before terms are advanced and thereafter actively monitoring amounts receivable and denying additional credit when appropriate. The company's maximum exposure to credit risk is equal to the value of trade debtors, other debtors, prepayments and accrued income and cash and cash equivalents.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company faces interest rate risk through holding cash and cash equivalents with financial institutions.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The company's financial liabilities include its trade creditors, other creditors and accruals.

**Sensitivity analysis**

No sensitivity analysis has been disclosed as there would not be a material impact on the profit and loss account from a change in either equity prices or interest rates.

**Fair values**

The carrying amount of short term trade debtors and trade creditors is considered to be a reasonable approximation of their fair value.

**MCBRAIDA PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****18 Deferred tax and other provisions**

	Deferred tax £ 000	Other provisions £ 000	Total £ 000
At 1 July 2020	(67)	325	258
Additional provisions	-	525	525
Increase (decrease) in existing provisions	<u>(175)</u>	<u>(227)</u>	<u>(402)</u>
At 30 June 2021	<u>(242)</u>	<u>623</u>	<u>381</u>

Other provisions represented a provision for maintenance costs in respect of the factory premises.

**Deferred tax**

## Deferred tax assets and liabilities

	Liability £ 000
<b>2021</b>	
Accelerated capital allowances	176
Other timing differences	<u>(418)</u>
	<u>(242)</u>
<b>2020</b>	
Accelerated capital allowances	162
Other timing differences	<u>(229)</u>
	<u>(67)</u>

**19 Share capital****Allotted, called up and fully paid shares**

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

**20 Pension and other schemes****Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £352,000 (2020 - £521,000).

Contributions totalling £36,000 (2020 - £42,000) were payable to the scheme at the end of the year and are included in creditors.

## **MCBRAIDA PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

#### **21 Related party transactions**

##### **Summary of transactions with key management**

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 8 to the financial statements.

#### **22 Parent and ultimate parent undertaking**

The company's immediate and ultimate parent undertaking is McBraida Holdings Limited. The consolidated accounts of McBraida Holdings Limited represent the largest and smallest group into which the results of the company are consolidated.

These financial statements are available upon request from McBraida plc, Bridgegate, Warmley, Bristol, BS30 5JW.

The ultimate controlling party is M P McBraida, a director and the majority shareholder of McBraida Holdings Limited.