

Registered number: 01225853

Brett Martin Daylight Systems Limited

Annual report and financial statements

For the year ended 31 December 2018

Brett Martin Daylight Systems Limited

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Brett Martin Daylight Systems Limited

Company information

Directors	W L Martin B J Martin
Company secretary	S Lewis
Registered number	01225853
Registered office	Sandford Close Aldermans Green Industrial Estate Coventry Warwickshire CV2 2QU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Waterfront Plaza 8 Laganbank Road Belfast BT1 3LR
Bankers	Bank of Ireland Limited Antrim Road Glengormley Belfast BT36 7QN

Brett Martin Daylight Systems Limited

Strategic report

For the year ended 31 December 2018

Introduction

The directors present their Strategic report on the company for the year ended 31 December 2018.

Business review

The directors consider the results for the financial year and the position of the company at the financial year end to be satisfactory. The company will continue to seek every opportunity to increase profitable turnover. The results for the company show a profit before tax of £1,387,280 (2017: £1,219,195) and turnover of £25,458,710 (2017: £23,048,742).

Future outlook

The external commercial environment is expected to remain competitive in 2019. However the directors remain confident that they will maintain their current level of performance.

Principal risks and uncertainties

Performance in the sector is affected by general economic conditions. The board carries out regular strategic reviews including assessments of competitor activity, market trends and forecasts and customer behaviour. Product availability and price fluctuations are other sectoral risks faced. The security of product supply is monitored by the directors on an ongoing basis with supplier financial strength, product quality and service levels regularly reviewed.

Financial key performance indicators

The directors of Brett Martin Holdings Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Brett Martin Daylight Systems Limited. The development, performance and position of Brett Martin Holdings Limited, which includes the company, is discussed in the group's annual report which does not form part of this report.

Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects in the financial performance of the company by monitoring levels of debt finance and the related finance costs. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee or board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business, principally on purchases in Euros. The company regularly reviews exchange risk exposure and seeks to hedge against potential losses, using forward exchange contracts where necessary.

Brett Martin Daylight Systems Limited

Strategic report (continued)
For the year ended 31 December 2018

Financial risk management (continued)

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board. The company has a policy to seek appropriate insurance on major customers.

Liquidity risk

The company maintains short term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The company has interest bearing liabilities. Interest bearing liabilities relate to bank overdrafts and loans and invoice discounting, which pay interest at variable rates, and to hire purchase and finance lease agreements, which pay interest at fixed rates. The company does not actively manage its interest rate risk. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

The company's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements. The company has Investors In People status.

This report was approved by the board on 5 April 2019 and signed on its behalf.



B J Martin
Director

Brett Martin Daylight Systems Limited

Directors' report

For the year ended 31 December 2018

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

Matters covered in the Strategic report

Information on the company's business review, future developments, key performance indicators, principal risks, financial risks and employee involvement is included in the Strategic report and is included in this report by cross reference.

Principal activities

The principal activities of the company are the manufacture and sale of roof lights and accessories.

Results and dividends

The profit for the financial year amounted to £1,307,258 (2017: £1,150,932).

The directors do not recommend payment of a dividend (2017: £Nil).

Directors

The directors of the company who served during the year, and up to the date of signing the financial statements, were:

W L Martin
B J Martin

Political contributions

The company made no political donations during the year (2017: £Nil).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and 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.

Brett Martin Daylight Systems Limited

Directors' report (continued)
For the year ended 31 December 2018

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 April 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'B J Martin', is written over a horizontal line.

B J Martin
Director

Report on the audit of the financial statements

Opinion

In our opinion, Brett Martin Daylight Systems Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit 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 Annual report and financial statements (the "Annual report"), which comprise: the Balance sheet as at 31 December 2018; the Statement of income and retained earnings 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Brett Martin Daylight Systems Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual report and financial statements 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 Directors' report, 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.

Strategic report and Directors' report

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 year ended 31 December 2018 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 Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, 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.

Brett Martin Daylight Systems Limited

Independent auditors' report to the members of Brett Martin Daylight Systems Limited (continued)

Responsibilities for the financial statements and the audit (continued)

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.

Other required reporting

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.



Kevin MacAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast

Date: 15 April 2019

Brett Martin Daylight Systems Limited

Statement of income and retained earnings For the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	5	25,458,710	23,048,742
Cost of sales		(16,627,262)	(14,972,180)
Gross profit		8,831,448	8,076,562
Distribution costs		(4,993,844)	(4,480,083)
Administrative expenses		(2,403,001)	(2,331,000)
Operating profit	6	1,434,603	1,265,479
Interest payable and similar expenses	8	(47,323)	(46,284)
Profit before taxation		1,387,280	1,219,195
Tax on profit	9	(80,022)	(68,263)
Profit for the financial year		1,307,258	1,150,932
Retained earnings at the beginning of the year		14,367,742	13,216,810
Profit for the financial year		1,307,258	1,150,932
Retained earnings at the end of the year		15,675,000	14,367,742

The notes on pages 11 to 23 form part of these financial statements.

Brett Martin Daylight Systems Limited
Registered number: 01225853

Balance sheet
As at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		1,688,434		1,029,691
Investments	11		-		2
			<u>1,688,434</u>		<u>1,029,693</u>
Current assets					
Stocks	12	2,014,370		2,066,581	
Debtors	13	17,137,995		16,614,721	
Cash at bank and in hand		23,727		6,982	
		<u>19,176,092</u>		<u>18,688,284</u>	
Creditors: amounts falling due within one year	14	(5,100,822)		(5,345,235)	
Net current assets			14,075,270		13,343,049
Creditors: amounts falling due after more than one year	15		(82,417)		-
Provisions for liabilities					
Deferred tax	17	(1,287)		-	
			<u>(1,287)</u>		<u>-</u>
Net assets			15,680,000		14,372,742
Capital and reserves					
Called up share capital	18		4,000		4,000
Capital redemption reserve			1,000		1,000
Retained earnings			15,675,000		14,367,742
Total shareholders' funds			15,680,000		14,372,742

The financial statements on pages 9 to 23 were approved and authorised for issue by the board and were signed on its behalf on 5 April 2019.



B J Martin
Director

The notes on pages 11 to 23 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2018**

1. General information

The principal activities of the company are the manufacture and sale of roof lights and accessories.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of the registered office is Sandford Close, Aldermans Green Industrial Estate, Coventry, Warwickshire, CV2 2QU.

2. Statement of compliance

The individual financial statements of Brett Martin Daylight Systems Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied consistently:

3.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been compiled with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- The company has taken advantage of the exemption, under of FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Brett Martin Holdings Limited, includes the company's cash flows in its own consolidated financial statements;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

3.3 Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax and is net of sales returns, trade discounts and rebates. Turnover is recognised upon customer receipt of goods.

**Notes to the financial statements
For the year ended 31 December 2018**

3. Accounting policies (continued)

3.4 Foreign currencies

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings.

3.5 Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non monetary benefits, are recognized as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.6 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of income and retained earnings during the period in which they are incurred.

**Notes to the financial statements
For the year ended 31 December 2018**

3. Accounting policies (continued)

3.6 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long leasehold buildings	-	4%
Plant and machinery	-	10%
Office equipment	-	33.3%
Motor vehicles	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of income and retained earnings.

3.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

3.8 Impairment of non-financial assets

At each Balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised as profit or loss.

**Notes to the financial statements
For the year ended 31 December 2018**

3. Accounting policies (continued)

3.8 Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account. Goodwill is allocated on acquisition to the cash generating unit expected to benefit from synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

3.9 Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Provision is made where necessary for obsolete, slow moving and defective stocks.

3.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

**Notes to the financial statements
For the year ended 31 December 2018**

3. Accounting policies (continued)

3.11 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

3.12 Cash and cash equivalents

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

3.13 Leased assets

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the Balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future installments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Statement of income and retained earnings, and the capital element which reduces the outstanding obligation for future installments.

Rentals under operating leases are charged to the Statement of income and retained earnings as incurred.

3.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3.15 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

**Notes to the financial statements
For the year ended 31 December 2018**

3. Accounting policies (continued)

3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. Critical judgements and estimation uncertainty

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

(a) Critical judgements in applying the company's accounting policies

There are no critical judgements in applying the company's accounting policies.

(b) Key accounting estimates and assumptions

There are no key accounting estimates and assumptions in applying the company's accounting policies.

5. Turnover

No analysis of turnover is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the company.

6. Operating profit

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

	2018 £	2017 £
Depreciation of tangible assets:		
- on assets owned by the company	188,710	163,544
- on assets held under hire purchase and finance leases agreements	11,814	41,156
Staff costs (note 8)	5,101,453	4,841,389
Fees payable to the company's auditor and their associates for the audit of the company's annual financial statements	14,000	14,000
Operating lease rentals	330,500	330,500
Inventory recognised as expense	17,627,262	14,972,180
Profit on disposal of tangible assets	(24,758)	(1,848)

Brett Martin Daylight Systems Limited

Notes to the financial statements For the year ended 31 December 2018

7. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,551,641	4,334,902
Social security costs	411,854	398,836
Other pension costs	137,958	107,651
	<u>5,101,453</u>	<u>4,841,389</u>

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

	2018 Number	2017 Number
Production	81	81
Distribution	54	55
Office and management	24	23
	<u>159</u>	<u>159</u>

During the year, no director received any emoluments (2017: £Nil).

8. Interest payable and similar expenses

	2018 £	2017 £
On bank overdrafts and invoice discounting facilities	<u>47,323</u>	<u>46,284</u>

Brett Martin Daylight Systems Limited

Notes to the financial statements For the year ended 31 December 2018

9. Tax on profit

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	42,367	85,673
Adjustments in respect of previous periods	(1,524)	(13,405)
Total current tax	40,843	72,268
Deferred tax		
Origination and reversal of timing differences	36,697	(4,166)
Adjustments in respect of previous periods	2,482	161
Total deferred tax	39,179	(4,005)
Tax on profit	80,022	68,263

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit before taxation	1,387,280	1,219,195
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	263,584	234,695
Effects of:		
Expenses not deductible for tax purposes	3,702	4,703
Adjustments in respect of previous periods	957	(13,244)
Tax rate changes and other	(1,130)	4,309
Group relief not paid for	(187,091)	(209,138)
Transfer pricing adjustments	-	50,410
Research and development expenditure credit	-	(3,472)
Total tax charge for the year	80,022	68,263

Factors that may affect future tax charges

The prevailing UK corporation tax rate was substantively enacted as part of the Finance Act 2018 on 15 March 2018. This reduces the main rate of tax to 17% from April 2020. The deferred tax assets and liabilities reflect these rates.

Brett Martin Daylight Systems Limited

**Notes to the financial statements
For the year ended 31 December 2018**

10. Tangible assets

	Long leasehold buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 January 2018	688,837	3,684,169	610,988	636,584	5,620,578
Additions	-	654,128	205,139	-	859,267
Disposals	-	(38,985)	(72,291)	-	(111,276)
At 31 December 2018	<u>688,837</u>	<u>4,299,312</u>	<u>743,836</u>	<u>636,584</u>	<u>6,368,569</u>
Accumulated depreciation					
At 1 January 2018	225,403	3,213,813	539,185	612,486	4,590,887
Charge for the year on owned assets	27,549	85,040	63,504	12,617	188,710
Charge for the year on financed assets	-	-	11,814	-	11,814
Disposals	-	(38,985)	(72,291)	-	(111,276)
At 31 December 2018	<u>252,952</u>	<u>3,259,868</u>	<u>542,212</u>	<u>625,103</u>	<u>4,680,135</u>
Net book value					
At 31 December 2018	<u>435,885</u>	<u>1,039,444</u>	<u>201,624</u>	<u>11,481</u>	<u>1,688,434</u>
At 31 December 2017	<u>463,434</u>	<u>470,356</u>	<u>71,803</u>	<u>24,098</u>	<u>1,029,691</u>

included within plant and machinery is an amount of £440,000 of assets under construction.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Motor vehicles	<u>120,120</u>	<u>117,741</u>

Brett Martin Daylight Systems Limited

Notes to the financial statements For the year ended 31 December 2018

11. Investments

	Investments in subsidiary company £
At 1 January 2018	2
Disposals	(2)
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>2</u>

12. Stocks

	2018 £	2017 £
Raw materials and consumables	1,410,267	1,588,855
Finished goods and goods for resale	604,103	477,726
	<u>2,014,370</u>	<u>2,066,581</u>

13. Debtors

	2018 £	2017 £
Trade debtors	5,296,002	4,290,279
Amounts owed by group undertakings	11,578,181	11,992,844
Other debtors	16,324	4,733
Deferred taxation (note 17)	-	37,892
Prepayments and accrued income	247,488	288,973
	<u>17,137,995</u>	<u>16,614,721</u>

Trade debtors are subject to discounting arrangements. Trade debtors include assigned debts of £5,397,363 (2017: £4,202,375).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Brett Martin Daylight Systems Limited**Notes to the financial statements
For the year ended 31 December 2018****14. Creditors: amounts falling due within one year**

	2018 £	2017 £
Bank overdrafts	94,789	198,421
Trade creditors	959,385	888,728
Amounts owed to group undertakings	27,180	34,358
Obligations under finance lease and hire purchase agreements (note 16)	24,485	-
Amounts due in respect of invoice discounting	2,536,689	3,088,502
Other creditors	57,233	105,615
Other tax and social security	787,078	485,097
Corporation tax	30,376	85,631
Accruals and deferred income	583,607	458,883
	<u>5,100,822</u>	<u>5,345,235</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Amounts due in respect of invoice discounting are secured against those trade debtors which are subject to discounting.

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

	2018 £	2017 £
Obligations under finance lease and hire purchase agreements (note 16)	<u>82,417</u>	<u>-</u>

16. Obligations under finance lease and hire purchase agreements

Obligations under finance lease and hire purchase agreements are as follows:

	2018 £	2017 £
Within one year	24,485	-
Greater than one year	82,417	-
	<u>106,902</u>	<u>-</u>

Brett Martin Daylight Systems Limited

Notes to the financial statements For the year ended 31 December 2018

17. Deferred taxation

	2018 £	2017 £
At beginning of year	37,892	33,887
(Charged)/credited to the Statement of income and retained earnings	(39,179)	4,005
At end of year	(1,287)	37,892

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Depreciation in excess of capital allowances	(6,839)	34,012
Other timing differences	5,552	3,880
	(1,287)	37,892

18. Called up share capital

	2018 £	2017 £
Allotted and fully paid		
4,000 (2017: 4,000) Ordinary shares of £1 each	4,000	4,000

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £137,958 (2017: £107,651).

20. Related party transactions

The company has taken advantage of the exemptions under paragraph 33.1A from the provisions of FRS 102, "Related Party Disclosures", on the grounds that it is wholly owned subsidiary of a group headed by Brett Martin Holdings Limited, whose financial statements are publicly available.

During the year the company paid rent of 46,750 (2017: £187,000) to Brett Martin NI LLP, which is a related party due to common interest.

Brett Martin Daylight Systems Limited

Notes to the financial statements For the year ended 31 December 2018

21. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and the parent undertaking of the only group of undertakings which produces consolidated financial statements, and of which the company is a member, is Brett Martin Holdings Limited, a company incorporated in Northern Ireland. Group financial statements for this company are available to the public from Companies House, 2nd Floor, The Linenhall, 32-38 Linenhall Street, Belfast, BT2 8BG.

The ultimate controlling parties are W L Martin and B J Martin.