

Brett Martin Daylight Systems Limited
Annual report and financial statements
For the year ended 31 December 2020

Brett Martin Daylight Systems Limited

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Brett Martin Daylight Systems Limited

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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	Grant Thornton (NI) LLP 12-15 Donegall Square West Belfast BT1 6JH
Bankers	Bank of Ireland Limited Antrim Road Glengormley Belfast BT36 7QN
Solicitors	Pinsent Mason 1 Lanyon Place Belfast BT1 3RP Carson McDowell Murray House Murray Street Belfast BT1 6DN

Strategic report for the year ended 31 December 2020

Introduction

The directors present their Strategic report on the company for the year ended 31 December 2020.

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 £1,553,538 (2019: £1,429,481) and turnover of £22,999,966 (2019: £24,654,642).

Future outlook

The external commercial environment is expected to remain competitive in 2021. 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.

The directors continue to assess the risks from the United Kingdom having left the EU as a result of Brexit. The company is a member of a group that has significant experience in importing and exporting goods from within the EU and from third countries. The group's main manufacturing base is in Northern Ireland and comes within the remit of the Northern Ireland Protocol. The group is protected from the worst impacts of Brexit and the directors do not foresee any major impact to the business.

The directors are closely monitoring the evolution of the Covid-19 pandemic and the company is following all Government guidelines. It is still difficult to assess the full future impact of the pandemic on the business and the wider economy, but at the date of this report the company is operating with minimal disruption to trading activities. The company has a healthy forward order book and the directors believe it has adequate working capital facilities to trade effectively for the long term. They continue to monitor any potential effects on future business performance.

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.

Strategic report for the year ended 31 December 2020 (continued)

Financial risk management (continued)

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.

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 29 April 2021 and signed on its behalf.



B J Martin
Director

Directors' report for the year ended 31 December 2020

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

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 retained profit for the financial year amounted to £1,270,225 (2019: £1,282,367). The directors do not recommend payment of a dividend (2019: £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 (2019: £Nil).

Post balance sheet events

There are no post balance sheet events requiring disclosure.

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.

Directors' report for the year ended 31 December 2020 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement 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 auditor

The auditor, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 April 2021 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

Independent Auditor's Report to the Members of Brett Martin Daylight Systems Limited

Opinion

We have audited the financial statements of Brett Martin Daylight Systems Limited ("the Company"), which comprise the Statement of income and retained earnings and the Balance sheet for the financial year ended 31 December 2020, and the related 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, Brett Martin Daylight Systems Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year then ended; 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 'Responsibilities of the auditor 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 United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other matter

The financial statements of Brett Martin Daylight Systems Limited for the year ended 31 December 2019, were audited by PricewaterhouseCoopers LLP who expressed an unmodified opinion on those statements on 9 July 2020.

Independent Auditor's Report to the Members of Brett Martin Daylight Systems Limited (continued)

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Directors' report and the Strategic Report.

The directors are responsible for the other information. Our opinion on the financial statements does not cover the 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 in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Independent Auditor's Report to the Members of Brett Martin Daylight Systems Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Privacy law, Employment Law, Environmental Regulations, and Health and Safety laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

Independent Auditor's Report to the Members of Brett Martin Daylight Systems Limited (continued)

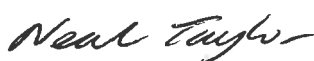
In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of the board of directors meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including estimating useful lives of tangible fixed assets, allowance for the impairment of bad debt and allowance for the impairment of stock; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

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

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



Neal Taylor (Senior statutory auditor) for and on behalf of
Grant Thornton (NI) LLP
Chartered Accountants & Statutory Auditor

Belfast
29 April 2021

Brett Martin Daylight Systems Limited

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Statement of income and retained earnings For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	5	22,999,966	24,654,642
Cost of sales		(15,470,676)	(15,819,622)
Gross profit		7,529,290	8,835,020
Distribution costs		(3,746,826)	(4,423,310)
Administrative expenses		(2,557,604)	(2,920,037)
Other operating income		365,338	-
Operating profit	6	1,590,198	1,491,673
Interest payable and similar expenses	8	(36,660)	(62,192)
Profit before taxation		1,553,538	1,429,481
Tax on profit	9	(283,313)	(147,114)
Profit for the financial year		1,270,225	1,282,367
Retained earnings at the beginning of the year		16,957,367	15,675,000
Profit for the financial year		1,270,225	1,282,367
Retained earnings at the end of the year		18,227,592	16,957,367

All amounts relate to continuing operations.

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

Brett Martin Daylight Systems Limited

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Balance Sheet As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	10		2,085,414		1,995,857
Current assets					
Stocks	11	2,455,610		2,310,054	
Debtors	12	18,561,445		22,052,395	
Cash at bank and in hand	13	51,669		359,080	
		<u>21,068,724</u>		<u>24,721,529</u>	
Creditors: amounts falling due within one year	14	(4,724,012)		(9,402,384)	
Net current assets			16,344,712		15,319,145
Creditors: amounts falling due after more than one year	15		(172,034)		(336,229)
Provisions for liabilities					
Deferred tax	17	(25,500)		(16,406)	
			<u>(25,500)</u>		<u>(16,406)</u>
Net assets			18,232,592		16,962,367
Capital and reserves					
Called up share capital	18		4,000		4,000
Capital redemption reserve			1,000		1,000
Retained earnings			<u>18,227,592</u>		<u>16,957,367</u>
Total shareholders' funds			18,232,592		16,962,367

The financial statements on pages 10 to 24 were approved and authorised for issue by the board and were signed on its behalf on 29 April 2021



B J Martin
Director

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

Notes to the financial statements For the year ended 31 December 2020

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 immediate 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 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.

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.4 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.

3.5 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.

3.6 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.

3.7 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 2020

3. Accounting policies (continued)

3.7 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.

3.8 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.

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.

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

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 asset's original effective interest rate. If a financial asset between an asset's carrying amount and the present value of estimated cash flows discounted at the 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.

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 instalments 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 instalments.

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

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

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.

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.

3.17 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

4. Critical judgements and estimation uncertainty

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

Notes to the financial statements For the year ended 31 December 2020

4. Critical judgements and estimation uncertainty (continued)

4.1 Assessing whether an agreement is a finance or operating lease

Management assess at the inception of the lease whether an arrangement is a finance or operating lease based on who bears substantially all risk and benefits incidental to the ownership of the leased item. Based on the management's assessment, the risk and rewards of owning the items leased by the company are retained by the lessor and therefore accounts for such lease as operating lease.

4.2 Estimating useful lives of depreciable assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors annually review these asset lives and adjust them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined, and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

4.3 Estimating allowance for impairment of debtors

The company maintains provisions for impaired accounts at a level considered adequate to provide for probable uncollectible receivables. The level of this provision is regularly evaluated and normally consists of past due accounts that are neither subject of ongoing negotiations with management to revise payment schedules nor secured with any collateral.

4.4 Estimating allowance for impairment on stocks

Management estimates the net realisable values of stocks, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

4.5 Assessing for indicators of impairment

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in Statement of comprehensive income. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in Statement of comprehensive income

5. Turnover

All turnover relates to the company's main activities that are carried out in the United Kingdom.

6. Operating profit

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

	2020 £	2019 £
Depreciation of tangible assets:		
- on assets owned by the company	176,388	168,912
- on assets held under hire purchase and finance leases agreements	74,572	71,674
Fees payable to the company's auditor and their associates for the audit of the company's annual financial statements	14,600	14,000
Government grants receivable	(365,338)	-
Operating lease rentals	330,500	330,500
Impairment of trade receivables	(38,794)	124,739

Brett Martin Daylight Systems Limited

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Notes to the financial statements For the year ended 31 December 2020

7 Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	4,738,764	4,942,933
Social security costs	436,951	438,788
Other pension costs	167,794	170,397
	<u>5,343,509</u>	<u>5,552,118</u>

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

	2020 Number	2019 Number
Production	89	85
Distribution	45	54
Office and management	33	29
	<u>167</u>	<u>168</u>

During the year, no director received any emoluments (2019: £Nil). The company's directors are remunerated for their services to the Brett Martin Holdings Limited group and it is not possible to split their remuneration between all the entities within the group.

8 Interest payable and similar expenses

	2020 £	2019 £
On bank overdrafts and invoice discounting facilities	<u>36,660</u>	<u>62,192</u>

Brett Martin Daylight Systems Limited

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Notes to the financial statements For the year ended 31 December 2020

9. Tax on profit

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	288,150	128,071
Adjustments in respect of previous periods	(13,931)	3,924
Total current tax	274,219	131,995
Deferred tax		
Origination and reversal of timing differences	7,164	19,043
Adjustments in respect of previous periods	-	(3,924)
Effects of changes in tax rates	1,930	-
Total deferred tax	9,094	15,119
Tax on profit	283,313	147,114

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit before taxation	1,553,538	1,429,481
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	295,172	271,601
Effects of:		
Expenses not deductible for tax purposes	1,730	4,013
Capital allowances for the year in excess of depreciation	6,419	-
Tax rate changes and other	1,930	(1,779)
Income not taxable for tax purposes	(8,007)	-
Adjustments in respect of previous periods	(13,931)	-
Group relief not paid for	-	(122,797)
Research and development expenditure credit	-	(3,924)
Total tax charge for the year	283,313	147,114

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. As this amendment was not substantively enacted as at 31 December 2020, deferred tax assets and liabilities have been recognised at 17%.

Notes to the financial statements For the year ended 31 December 2020

10. Tangible assets

	Long leasehold buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 January 2020	814,005	4,719,453	743,836	636,584	6,913,878
Additions	247,058	89,093	4,370	-	340,521
At 31 December 2020	1,061,062	4,808,546	748,206	636,584	7,254,398
Accumulated depreciation					
At 1 January 2020	282,930	3,405,270	595,389	634,432	4,918,021
Charge for the year on owned assets	33,785	121,874	18,578	2,152	176,389
Charge for the year on financed assets	-	48,400	26,172	-	74,572
At 31 December 2020	316,715	3,575,544	640,139	636,584	5,168,983
Net book value					
At 31 December 2020	744,347	1,233,002	108,066	-	2,085,415
At 31 December 2019	531,075	1,314,183	148,447	2,152	1,995,857

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

	2020 £	2019 £
Plant & machinery	388,628	445,462
Motor vehicles	64,299	93,733
	<u>452,927</u>	<u>539,195</u>

Notes to the financial statements For the year ended 31 December 2020

11. Stocks

	2020 £	2019 £
Raw materials and consumables	2,025,526	1,930,806
Finished goods and goods for resale	430,084	379,248
	2,455,610	2,310,054

There is no material difference between the replacement cost of stocks and their balance sheet values. Stocks are stated after provisions for impairment totalling £352,100 (2019: £333,002)

12. Debtors

	2020 £	2019 £
Trade debtors	4,352,107	4,289,893
Amounts owed by group undertakings	13,853,819	17,393,384
Other debtors	61,550	4,094
Prepayments and accrued income	293,969	365,024
	18,561,445	22,052,395

Trade debtors are subject to discounting arrangements. Trade debtors include assigned debts of £4,195,673 (2019: £4,231,615). Trade debtors are stated after provisions for impairment and sales credit provisions totalling £68,200 (2019: £125,500).

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

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	51,669	359,080
Less: bank overdrafts	(248,092)	-
	(196,423)	359,080

Notes to the financial statements For the year ended 31 December 2020

14. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	248,092	-
Trade creditors	1,181,020	983,010
Amounts owed to group undertakings	1,460,278	1,017,706
Obligations under finance lease and hire purchase agreements (note 16)	164,195	169,686
Amounts due in respect of invoice discounting	237,625	5,924,167
Other creditors	191,866	69,867
Other tax and social security	700,399	536,630
Corporation tax	-	111,558
Accruals and deferred income	540,536	589,760
	4,724,012	9,402,384

Bank overdrafts are secured by a guarantee against the group's invoice discounting facility and a circular guarantee and indemnity between group companies. The amounts due in respect of invoice discounting are secured on those trade debtors subject to discounting. Obligations under hire purchase and finance lease agreements are secured on the assets purchased.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Creditors: amounts falling after more than one year

	2020 £	2019 £
Obligations under finance lease and hire purchase agreements (note 16)	172,034	336,229

Notes to the financial statements For the year ended 31 December 2020

16. Obligations under finance lease and hire purchase agreements

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

	2020 £	2019 £
Within one year	164,195	169,686
Greater than one year	172,034	336,229
	<u>336,229</u>	<u>505,915</u>

Obligations under finance lease and hire purchase agreements are secured on the assets acquired.

17. Deferred tax liability

	2020 £	2019 £
At the beginning of the year	16,406	1,287
Charged to the Statement of income and retained earnings	9,094	15,119
At end of year	<u>25,500</u>	<u>16,406</u>

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Depreciation in excess of capital allowances	33,693	23,019
Other timing differences	(8,193)	(6,613)
	<u>25,500</u>	<u>16,406</u>

Notes to the financial statements For the year ended 31 December 2020

18. Called up share capital

	2020 £	2019 £
Allotted and fully paid		
4,000 (2019: 4,000) Ordinary shares of £1 each	4,000	4,000

19. Reserves

Called up share capital - represents the nominal value of the shares that have been issued.

Capital redemption reserve - relates to the redemption of shares in prior years.

Retained earnings - represents cumulative profit and losses, net of dividends paid.

20. 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 £167,794 (2019: £170,397). At 31 December 2020, the company owed £43,119 to the pension scheme (2019: £38,898).

21. 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.

22. Ultimate parent undertaking and controlling party

The company's immediate 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 company's ultimate parent undertaking is Ballymartin Holdings Limited, a company incorporated in the Isle of Man.

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