

Registered number: 01225853

**Brett Martin Daylight Systems Limited**

**Annual report and financial statements**

**For the year ended 31 December 2017**

# **Brett Martin Daylight Systems Limited**

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## **Brett Martin Daylight Systems Limited**

### **Company information**

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

## **Brett Martin Daylight Systems Limited**

### **Strategic report For the year ended 31 December 2017**

#### **Introduction**

The directors present their Strategic report on the company for the year ended 31 December 2017.

#### **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 £1,219,195 (2016: £1,189,622) and turnover of £23,048,742 (2016: £22,173,944).

#### **Future outlook**

The external commercial environment is expected to remain competitive in 2018. 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.

**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 both interest bearing assets and interest bearing liabilities. Interest bearing assets primarily relate to cash balances which earn interest at variable rates. 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 20 April 2018 and signed on its behalf.



**B J Martin**  
Director

## **Brett Martin Daylight Systems Limited**

### **Directors' report For the year ended 31 December 2017**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

#### **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 activity**

The principal activity of the company is the manufacture and sale of roof lights and accessories.

#### **Results and dividends**

The profit for the financial year amounted to £1,150,932 (2016: £1,105,106).

The directors do not recommend payment of a dividend (2016: £nil).

#### **Directors**

The directors 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 (2016: £nil).

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

**Brett Martin Daylight Systems Limited**

**Directors' report (continued)  
For the year ended 31 December 2017**

**Statement of disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been 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 20 April 2018 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 auditors' report to the members of Brett Martin Daylight Systems Limited**

**Report on the audit of the financial statements**

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**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 and of the company's affairs as at 31 December 2017 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 2017; 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.

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**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.

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**Conclusions relating to going concern**

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

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.

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**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.



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

**Reporting on other information (continued)**

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 2017 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.

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**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

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

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**Other required reporting**

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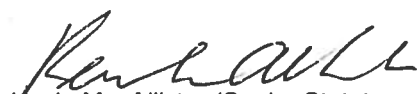
**Companies Act 2006 exception reporting**

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.

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

24 April 2018

**Brett Martin Daylight Systems Limited**

**Statement of income and retained earnings  
For the year ended 31 December 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
Turnover	5	23,048,742	22,173,944
Cost of sales		(14,972,180)	(14,014,349)
<b>Gross profit</b>		<b>8,076,562</b>	<b>8,159,595</b>
Distribution costs		(4,480,083)	(4,610,943)
Administrative expenses		(2,331,000)	(2,313,364)
<b>Operating profit</b>	6	<b>1,265,479</b>	<b>1,235,288</b>
Interest payable and similar expenses	8	(46,284)	(45,666)
<b>Profit before tax</b>		<b>1,219,195</b>	<b>1,189,622</b>
Tax on profit	9	(68,263)	(84,516)
<b>Profit for the financial year</b>		<b>1,150,932</b>	<b>1,105,106</b>
Retained earnings at the beginning of the year		13,216,810	12,111,704
Profit for the financial year		1,150,932	1,105,106
<b>Retained earnings at the end of the year</b>		<b>14,367,742</b>	<b>13,216,810</b>

The notes on pages 11 to 24 form part of these financial statements.

**Brett Martin Daylight Systems Limited**  
**Registered number: 01225853**

**Balance sheet**  
**As at 31 December 2017**

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	10		1,029,691		985,803
Investments	11		2		2
			<u>1,029,693</u>		<u>985,805</u>
<b>Current assets</b>					
Stocks	12	2,066,581		1,979,027	
Debtors	13	16,614,721		14,067,998	
Cash at bank and in hand		6,982		40,687	
		<u>18,688,284</u>		<u>16,087,712</u>	
Creditors: amounts falling due within one year	14	(5,345,235)		(3,851,707)	
<b>Net current assets</b>			<u>13,343,049</u>		<u>12,236,005</u>
<b>Total assets less current liabilities</b>			<u>14,372,742</u>		<u>13,221,810</u>
<b>Net assets</b>			<u><u>14,372,742</u></u>		<u><u>13,221,810</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		4,000		4,000
Capital redemption reserve			1,000		1,000
Retained earnings			14,367,742		13,216,810
<b>Total shareholders' funds</b>			<u><u>14,372,742</u></u>		<u><u>13,221,810</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 April 2018.



**B J Martin**  
Director

The notes on pages 11 to 24 form part of these financial statements.

## **Brett Martin Daylight Systems Limited**

### **Notes to the financial statements For the year ended 31 December 2017**

#### **1. General information**

The principal activity of the company is 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**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The company itself is a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

##### **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.

**Notes to the financial statements  
For the year ended 31 December 2017**

**3. Accounting policies (continued)**

**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.

**3.4 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.

**3.5 Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

**Notes to the financial statements  
For the year ended 31 December 2017**

**3. Accounting policies (continued)**

**3.6 Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

**(i) Long leasehold land and buildings**

Long leasehold buildings are amortised over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

**(ii) Plant and machinery, office equipment and motor vehicles**

Plant and machinery, office equipment and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses.

**(iii) Depreciation and residual values**

Depreciation is calculated, using the straight line method, to allocate the depreciable amount to their residual values over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

**(iv) Subsequent additions and major components**

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

**(v) Derecognition**

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

**Notes to the financial statements  
For the year ended 31 December 2017**

**3. Accounting policies (continued)**

**3.7 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.

**3.8 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.

**3.9 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.

**3.10 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.

**3.11 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.



**Notes to the financial statements  
For the year ended 31 December 2017**

**3. Accounting policies (continued)**

**3.11 Foreign currencies (continued)**

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 profit and loss account.

**3.12 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.

**3.13 Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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

**Notes to the financial statements  
For the year ended 31 December 2017**

**3. Accounting policies (continued)**

**3.13 Financial instruments (continued)**

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank overdrafts and amounts payable in respect of invoice discounting facilities, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3.14 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.

**3.15 Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the Statement of income and retained earnings.

**3.16 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 2017**

**4. Critical judgements and estimation uncertainty**

**(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):

	2017 £	2016 £
Depreciation of tangible assets		
- on assets owned by the company	163,544	177,729
- on assets held under hire purchase and finance leases agreements	41,156	41,156
Staff costs (note 7)	4,841,389	4,865,202
Fees payable to the company's auditors and their associates for the audit of the financial statements	14,000	14,000
Operating lease rentals	330,500	330,500
Inventory recognised as expense	14,972,180	14,014,349
Impairment of trade debtors	-	366
Profit on disposal of fixed assets	(1,848)	-
	<u>4,841,389</u>	<u>4,865,202</u>

**7. Employees**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,334,902	4,349,782
Social security costs	398,836	398,836
Other pension costs	107,651	116,584
	<u>4,841,389</u>	<u>4,865,202</u>

**Notes to the financial statements  
For the year ended 31 December 2017**

**7. Employees (continued)**

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

	<b>2017 Number</b>	2016 Number
Production	<b>81</b>	71
Distribution	<b>23</b>	30
Office and management	<b>55</b>	53
	<b>159</b>	154

During the year, no director received any emoluments (2016: £Nil).

**8. Interest payable and similar expenses**

	<b>2017 £</b>	2016 £
On bank overdrafts and invoice discounting facilities	<b>46,284</b>	45,666

**9. Tax on profit**

	<b>2017 £</b>	2016 £
<b>Current tax</b>		
Current tax on profits for the year	<b>85,673</b>	81,845
Adjustments in respect of previous periods	<b>(13,405)</b>	11,540
<b>Total current tax</b>	<b>72,268</b>	93,385
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(4,166)</b>	(8,869)
Adjustments in respect of previous periods	<b>161</b>	-
<b>Total deferred tax</b>	<b>(4,005)</b>	(8,869)
<b>Tax on profit</b>	<b>68,263</b>	84,516

## Brett Martin Daylight Systems Limited

### Notes to the financial statements For the year ended 31 December 2017

#### 9. Tax on profit (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit before tax	<u>1,219,195</u>	<u>1,189,622</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	<b>234,695</b>	237,924
Effects of:		
Expenses not deductible for tax purposes	<b>4,703</b>	7,240
Adjustments in respect of previous periods	<b>(13,244)</b>	11,540
Tax rate changes and other	<b>4,309</b>	4,474
Group relief not paid for	<b>(209,138)</b>	(229,036)
Transfer pricing adjustments	<b>50,410</b>	52,374
Research and development expenditure credit	<b>(3,472)</b>	-
Tax on profit	<u><b>68,263</b></u>	<u>84,516</u>

##### Factors that may affect future tax charges

Further reductions to the UK Corporation Tax rate were substantively enacted as part of the Finance Act 2016. These reduce the main rate of tax to 19% from 1 April 2017 and to 17% from 1 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 2017**

**10. Tangible assets**

	Long leasehold buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2017	602,651	3,526,519	649,813	625,380	5,404,363
Additions	86,186	163,350	-	11,208	260,744
Disposals	-	(5,700)	(38,825)	(4)	(44,529)
At 31 December 2017	<u>688,837</u>	<u>3,684,169</u>	<u>610,988</u>	<u>636,584</u>	<u>5,620,578</u>
<b>Accumulated depreciation</b>					
At 1 January 2017	198,091	3,143,574	478,769	598,126	4,418,560
Charge for the year on owned assets	27,312	70,524	51,348	14,360	163,544
Charge for the year on financed assets	-	-	41,156	-	41,156
Disposals	-	(285)	(32,088)	-	(32,373)
At 31 December 2017	<u>225,403</u>	<u>3,213,813</u>	<u>539,185</u>	<u>612,486</u>	<u>4,590,887</u>
<b>Net book value</b>					
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>
At 31 December 2016	<u>404,560</u>	<u>382,945</u>	<u>171,044</u>	<u>27,254</u>	<u>985,803</u>

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

	2017 £	2016 £
Motor vehicles	<u>117,741</u>	<u>158,897</u>

## Brett Martin Daylight Systems Limited

### Notes to the financial statements For the year ended 31 December 2017

#### 11. Investments

	Investments in subsidiary company £
<b>Cost or valuation</b>	
At 1 January 2017	2
At 31 December 2017	2

#### Subsidiary undertaking

The following is a subsidiary undertaking of the company:

Name	Registered office address	Class of shares	Holding	Principal activity
Harcon Trustees Limited	Sanford Close Aldermans Green, Industrial Estate, Coventry, Warwickshire, CV2 2QU	Ordinary shares of £1 each	100%	Dormant

#### 12. Stocks

	2017 £	2016 £
Raw materials and consumables	1,588,855	1,551,772
Finished goods and goods for resale	477,726	427,255
	<u>2,066,581</u>	<u>1,979,027</u>

# Brett Martin Daylight Systems Limited

## Notes to the financial statements For the year ended 31 December 2017

### 13. Debtors

	2017 £	2016 £
Trade debtors	4,290,279	3,410,021
Amounts owed by group undertakings	11,992,844	10,250,647
Other debtors	4,733	7,646
Prepayments and accrued income	288,973	365,797
Deferred tax asset (note 16)	37,892	33,887
	<u>16,614,721</u>	<u>14,067,998</u>

Trade debtors are subject to discounting arrangements. Trade debtors include assigned debts of £4,202,375 (2016: £2,940,803).

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

### 14. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	198,421	104,529
Trade creditors	888,728	1,379,536
Amounts owed to group undertakings	34,358	63,800
Other tax and social security	485,097	446,899
Obligations under hire purchase and finance lease agreements (note 15)	-	28,500
Amounts due in respect of invoice discounting	3,088,502	1,222,344
Corporation tax	85,631	93,847
Other creditors	105,615	64,225
Accruals and deferred income	458,883	448,027
	<u>5,345,235</u>	<u>3,851,707</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. Obligations under hire purchase and finance leases agreements

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

	2017 £	2016 £
Within one year	-	28,500



## Brett Martin Daylight Systems Limited

### Notes to the financial statements For the year ended 31 December 2017

#### 16. Deferred taxation

	2017 £
At beginning of year	33,887
Credited to the Statement of income and retained earnings	4,005
<b>At end of year</b>	<b>37,892</b>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Depreciation in excess of capital allowances	34,012	30,134
Other timing differences	3,880	3,753
	<b>37,892</b>	<b>33,887</b>

#### 17. Called up share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
4,000 (2016: 4,000) Ordinary shares of £1 each	<b>4,000</b>	<b>4,000</b>

#### 18. 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 £107,651 (2016: £116,584).

#### 19. 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 £187,000 (2016: £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 2017**

#### **20. 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.