Registration number: 00416671

Bridon International Ltd.

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Bridon International Ltd.

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Bridon International Ltd.

Company Information

Directors

D Boffe

G Cook

S Weston

Registered office

Icon Building
Balby Carr Bank
Doncaster
South Yorkshire
DN4 5JQ

Statutory auditor

Deloitte LLP
Statutory Auditor
One Trinity Gardens
Broad Chare
Newcastle upon Tyne
NE1 2HF

Bridon International Ltd.

Strategic Report for the Year Ended 31 December 2019

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

Principal activity
The principal activity of the company is that of the manufacture and distribution of wire, wire rope, fibre rope and associated products and services. The Directors do not expect any change in this activity in the foreseeable future.

Fair review of the business
Turnover for the year ended 31 December 2019 was £99,355k (2018 - £97,043k), this represents an increase of £2,312k. Key drivers of this increase have been the Company's ability to grow sales in key market segments such as oil and gas (up 19%) and mining (up 39%) and growth in other markets segments such as fibre ropes (up 10%) as well as maintaining sales in fishing and marine. Adversely steel ropes for structure and the cranes and industrial segments saw a decline in the year. The operating loss for the year ended 31 December 2019 was £5,838k (2018 – profit £37,950k) and retained loss for the year was £10,784k (2018 – profit £40,641k). EBITDA for the year was a loss of £568k (2018 – profit £42,335k), the reduction was mainly due to the write back of one-off impairments of intercompany balances in 2018. Excluding impairment or write back of impairment of intercompany loans operating loss for the year was £4,282k (2018 - £12,151k), Cash position has reduced at £6,224k (2018 - £8,147k), this is due to timing of cash receipts and the closure of the invoice factoring facility.

2019 has been a challenging year for the company with significant changes including closer integration with Bekaert and SAP implementation along with substantial restructuring to tackle the high level of fixed overheads. The directors have performed a comprehensive review of the company's performance, compiling a 3 year plan (2019-2022) to return the company to profitability and increase cash generation. As part of the 3 year plan there will be a focus on core wire and rope offerings, new emerging sectors, overhead reduction and efficiency improvements.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Revenue Growth	%	2	11
EBITDA	£000	(568)	42,335
Cash Position	£000	6,224	8,147

The company's non-financial key performance indicators during the year were as follows:

	Unit	2019	2018
Lost time incidents	Number	6	16
Lost days as a result of incidents	Days	241	649

Principal risks and uncertainties
The company's activities expose it to a number of financial risks including external market risk, credit risk and liquidity risk.

External market risk
In early January 2020, a human infection originating in China was traced to a novel strain of coronavirus. The virus has subsequently spread to other parts of the world, including the U.S. and Europe, and has caused unprecedented disruptions in the global economy as efforts to contain the spread of the virus have intensified. On March 11, 2020, the World Health Organization officially declared this coronavirus outbreak (also referred to as COVID-19) a pandemic.

At the time of approval of these financial statements, the COVID-19 pandemic continues to present uncertainty and risk with respect to the performance of the company and the related financial results. The rapid development and fluidity of the situation makes any prediction about the ultimate impact of COVID-19 on the business challenging. COVID-19 is deemed a non-adjusting subsequent event.

The impact on the COVID-19 pandemic on the Bridon Bekaert Ropes Group (BBRG) business is limited for now due to the fact that BBRG facilities have been granted essential business status in most geographies as a consequence of its customers in the mining and fishing industry in particular having also been granted essential business status. As far as the Structures as well as the Oil and Gas segment are concerned, the large projects typical in this business have not been delayed nor impacted by the coronavirus outbreak in any way. Contrary to the Cranes & Industrial segment which is suffering from the temporary closure of construction sites linked to COVID-19 pandemic. Hence BBRG operations globally continue to produce and sell without any major disturbance.

The development and fluidity of the situation makes any prediction about an ultimate impact of the COVID-19 pandemic difficult. The directors have therefore prepared and reviewed a number of potential scenarios for the business separately to understand the potential risks to the financial results of BBRG. The scenarios perform an analysis by region in which BBRG operates and assumes a worst case scenario of dropping revenue globally by 30% for the full year 2020 with the consequent impact on profit, working capital and ultimately liquidity. The assumptions in relation to the worst case scenario were discussed and agreed as such between the directors and the Board of directors of the ultimate parent company.

Given the current impact of the COVID-19 pandemic on populations and economies worldwide, the directors have implemented specific measures and are continuously evaluating the need for additional actions in order to:

1. Safeguard the health and safety of all employees and of contractors and visitors on our sites,
2. Rigorously comply with the regulations deployed in all countries hosting BBRG activities,
3. Closely communicate with customers and suppliers so that our supply chain actions are aligned,
4. Mitigate the consequences of the crisis on the profitability and liquidity of the BBRG group by having implemented a Profit Assurance Plan including short and mid-terms actions managing and closely monitoring working capital and liquidity.

The directors continue to monitor the situation closely and all mitigating actions are being continually evaluated. The directors currently believe that they have adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this report. The directors have also considered the implication on the going concern assumptions and positively concluded on its validity.

On 23 June 2016, the UK voted in a referendum to leave the European Union (EU) followed by the UK Government triggering Article 50 on 29 March 2018. The group continues to keep the possible implications of Brexit for its operational group companies under review. At the signing date, there remains insufficient information about the likely terms of the post-Brexit arrangement between the UK and the EU, as well as about the transitional arrangements to draw any conclusions about the probable impact. As the group's turnover is to a large extent generated globally, the directors believe that the impact will not be significant in the short term. However; the directors have ensured that operational group companies have put in place plans to reduce or mitigate the potential risks, in particular in the area of supply.

Credit risk
The company's principal financial assets are trade and other receivables. In order to mitigate the risk for 3rd party trade receivables each new customer is analysed for creditworthiness before the standard payment and delivery terms and conditions are offered.

Liquidity risk
In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the company ensures regular communication with other subsidiary companies to optimise cash flows.

Section 172(1) statement
The directors have the duty to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment. The directors focus on engagement with all stakeholders, and use this when taking decisions.

Long-term factors
The Company's strategy is to grow its business portfolio through maintaining and increasing its customer base. To achieve these objectives, the directors remain committed to the 3 year plan developed in 2019, focusing on core products, new and emerging markets as well as streamlining overheads and promoting efficiency improvements across the business to drive down costs.

Stakeholder considerations
Engaging stakeholders and developing meaningful partnerships is essential for our long-term business success. The Company engages in regular, open and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns and needs. In this way, the Group is able to integrate stakeholder's considerations into business decision making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of our work, and our services for society.

Key stakeholders contribute to our economic, social and environmental performance. Stakeholders include our customers, suppliers, employees, investors, and local communities.

The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from operation of its assets and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the Board in making decisions and in assessing the long term viability of the business.

Act fairly between members
The Company has a single shareholder and a single ultimate controlling party. Their interests are taken into account by the board to promote fairness in decision making.

Approved by the Board on 3 July 2020 and signed on its behalf by:

....
G Cook
Director

Bridon International Ltd.

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Directors' of the company

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

C M Griffin (resigned 1 May 2020)

L Vankemmelbeke (Resigned 1 April 2019)

G Cook (appointed 1 April 2019)

S Weston (appointed 1 April 2019)

D Boffe (appointed 1 May 2020)

Results and dividends

The loss for the year, after taxation, amounted to £9,064k (2018 - profit of £40,250k).

The directors do not recommend payment of a dividend for the year (2018 - £nil).

Employment of disabled persons

Full and fair consideration to applications made by disabled persons for job vacancies, where particular job requirements are within their ability. Should an employee become disabled, the company will endeavour to employ them provided there are duties they can perform, bearing in mind their handicap or disability. It is group policy that the training, career development and promotion of disabled persons should, as far as possible, be the same as that of other employees.

Employee involvement

The company has developed a wide range of voluntary practices and procedures for employee involvement and regularly consults them or their representatives for views on matters affecting them. The company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing and the economic factors affecting the performance of the individual business in which the employee works.

It is company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged.

Future developments

The outlook for 2020 remains challenging, particularly with the uncertainty around the impact of COVID-19 and Brexit impacting upon the wider economy and the recovery of key business segments such as Cranes & Industrial. Despite this challenging environment, the directors remain committed to the 3 year plan developed in 2019, focusing on core products, new and emerging markets as well as streamlining overheads and promoting efficiency improvements across the business to drive down costs.

Research and development

Product development and innovation is a continuous process. The company has committed significant resources to the development of new products to enhance the organic growth of the business. The company's continued product development investment has delivered several successful new product introductions. The company has received R&D tax credits from Her Majesty's Revenue and Customs (HMRC) on costs incurred on 2015, 2016 & 2018. An additional application for R&D credits relating to 2018 has been submitted in light of additional information and has now been processed. The 2019 application is complete and is due to be submitted to HMRC.

Going concern

Management have performed a detailed review of the going concern assumption for the UK entities within the Bridon-Bekaert Ropes Group (BBRG UK entities), of which this entity is one, including the impact of COVID-19. As stated within the strategic report the impact on the Corona crisis is considered limited for now due to the fact that the facilities have been granted essential business status. The directors currently believe that they have adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this report.

The directors are continuing to follow the implemented strategy to improve the performance of the business and have prepared forecasts for the next 12 months based upon this. Taking into account the forecast trading, available facilities, relevant uncertainties in the outturn, expected cash generating capacity and a letter of support from the ultimate parent company NV Bekaert SA the directors consider that the available funding is sufficient to service the debt and leave the BBRG UK entities well placed to manage business risks and any trading difficulties. The directors have considered the going concern assumption given the current uncertain economic climate and have reviewed the forecasts for the foreseeable future.

After making enquiries and considering the above facts the directors have a reasonable expectation that the BBRG UK entities have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Directors' liabilities

The ultimate parent undertaking has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the period and at the date of this report.

Disclosure of information to the auditor

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 3 July 2020 and signed on its behalf by:

....

G Cook
Director

Bridon International Ltd.

Directors' Responsibilities Statement

The directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Bridon International Ltd.

Opinion

In our opinion the financial statements of Bridon International Limited (the 'company'):
• give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
• the profit and loss account;
• the statement of comprehensive income;
• the balance sheet;
• the statement of changes in equity; and
• the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
• the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Bridon International Ltd. (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Independent Auditor's Report to the Members of Bridon International Ltd. (continued)

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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

....
David Johnson, B.A., F.C.A. (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

One Trinity Gardens
Broad Chare
Newcastle upon Tyne
NE1 2HF

Date: 3 July 2020

Bridon International Ltd.

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	4	99,355	97,043
Cost of sales		(88,773)	(88,663)
Gross profit		10,582	8,380
Distribution costs		(11,724)	(12,411)
Administrative expenses		(10,051)	(13,870)
(Impairment)/write back of impairment of intercompany debtors		(1,555)	50,101
Other operating income	5	6,910	5,750
Operating (loss)/profit	6	(5,838)	37,950
Other interest receivable and similar income	7	440	398
Interest payable and similar charges	8	(2,787)	(2,050)
(Loss)/profit before tax		(8,185)	36,298
Tax on (loss)/profit	12	(879)	3,952
(Loss)/profit for the year		(9,064)	40,250

The notes on pages 15 to 39 form an integral part of these financial statements.

Bridon International Ltd.

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019 £000	2018 £000
(Loss)/profit for the year	(9,064)	40,250
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit pension schemes before tax	(2,072)	(13)
Deferred tax on actuarial loss on pension scheme	352	2
	(1,720)	(11)
Cash flow hedges		
Profit on available-for-sale financial assets	-	469
Deferred tax on cash flow hedges	-	(67)
	-	402
Total comprehensive (expense)/income for the year	(10,784)	40,641

The notes on pages 15 to 39 form an integral part of these financial statements.

Bridon International Ltd.

(Registration number: 00416671)
Balance Sheet as at 31 December 2019

	Note	2019 £000	Restated 2018 £000
Fixed assets			
Tangible assets	13	43,731	27,707
Current assets			
Stocks	15	16,586	18,750
Debtors	16	26,770	74,679
Cash at bank and in hand		6,224	8,147
		49,580	101,576
Creditors: Amounts falling due within one year	21	(28,444)	(130,849)
Net current assets/(liabilities)		21,136	(29,273)
Total assets less current liabilities		64,867	(1,566)
Creditors: Amounts falling due after more than one year	22	(65,608)	(685)
Provisions for liabilities	20	(2,526)	(3,420)
Net liabilities excluding pension asset		(3,267)	(5,671)
Net pension asset	23	9,042	10,214
Net assets		5,775	4,543
Capital and reserves			
Called up share capital	17	47,432	35,416
Share premium reserve		48,839	48,839
Revaluation reserve		6,115	6,115
Profit and loss account		(96,611)	(85,827)
Shareholders' funds		5,775	4,543

These financial statements were approved and authorised for issue by the Board on 3 July 2020 and signed on its behalf by:

....
G Cook
Director

Bridon International Ltd.

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Hedging reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	35,416	48,839	6,115	-	(85,827)	(4,543)
Loss for the year	-	-	-	-	(9,064)	(9,064)
Other comprehensive expense	-	-	-	-	(1,720)	(1,720)
Total comprehensive expense	-	-	-	-	(10,784)	(10,784)
New share capital subscribed (note 17)	12,016	-	-	-	-	12,016
At 31 December 2019	47,432	48,839	6,115	-	(96,611)	5,775

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Hedging reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	35,416	48,839	6,115	(402)	(126,066)	(36,098)
Profit for the year	-	-	-	-	40,250	40,250
Other comprehensive income/(expense)	-	-	-	402	(11)	391
Total comprehensive income	-	-	-	402	40,239	40,641
At 31 December 2018	35,416	48,839	6,115	-	(85,827)	4,543

The notes on pages 15 to 39 form an integral part of these financial statements.

1 General information

Bridon International Ltd (the "company") is a private company, limited by shares under the Companies Act 2006 and domiciled in England and Wales. The registered office of the company is Icon Building First Point, Balby Carr Bank, Doncaster, South Yorkshire, DN4 5JQ.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006. The financial statements are presented in the company's functional currency Sterling and all values are rounded to the nearest thousand pounds (£ 000) except when otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies, judgements used in preparing these accounts are explained in note 3.

Financial Reporting Standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101 as these are included in the consolidated financial statements of its parent, NV Bekaert SA, a company incorporated in Belgium:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2 Accounting policies (continued)

Going concern

The directors are in receipt of a letter of support from NV Bekaert SA covering a period of at least twelve months from the date of signature of the financial statements. After making suitable enquires, the directors have a reasonable expectation that the company and the Bridon-Bekaert Ropes Group, of which the company is a member, have adequate internal and external funding to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing these financial statements. Further details are given in the directors' report.

Exemption from preparing group financial statements

The financial statements contain information about Bridon International Ltd as an individual company and do not contain consolidated financial information as the parent of a group.
The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, NV Bekaert SA, a company incorporated in Belgium.

Changes in accounting policy

The Company applied IFRS 16 Leases from 1 January 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated and the disclosure requirements in IFRS 16 have not been applied to comparative information.

On transition to IFRS 16, the company recognised the right-of-use assets and the lease liabilities, recognising any difference in retained earnings. The impact on transition is summarised below.

	1 January 2019
	£000
Right of use assets – within tangible fixed assets	19,647
Lease liability – due within one year	(933)
Lease liability – due after more than one year	(18,714)
Net impact on retained earnings	-

During the year the impact on the income statement from recognising these leases as right of use assets was as follows;

	31 December 2019
	£000
Depreciation charge	1,386
IFRS 16 interest charge	878
Net impact on retained earnings	2,264

No other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

2 Accounting policies (continued)

Prior period adjustments

In the 2018 financial statements the deferred tax liability was incorrectly disclosed in note 12 and note 20 and the trade creditors balance was incorrectly disclosed in note 21. This adjustment does not have an impact on the total net asset position of the balance sheet as the error is the result of a tax adjustment being erroneously posted as a deferred tax liability rather than a deferred tax asset and being mis-posted within the creditors balance. As a result of the reclassification of this adjustment the deferred tax liability becomes a deferred tax asset and is therefore shown within debtors. The creditors balance will, therefore, decrease by £8,490k, the debtors balance will increase by £3,330k and the provisions for liabilities balance will decrease by £5,160k.

The impact on the balance sheet as at 31 December 2018 is summarised in the table below:

	Relating to the current period disclosed in these financial statements	Relating to the prior period disclosed in these financial statements
Balance Sheet:		
Debtors:		
Deferred tax asset	-	3,330
Creditors: Amounts falling due within one year:		
Amounts due to group undertakings	-	(8,490)
Provision	-	5,160

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes in accordance with IFRS 15. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied thus ensuring that all performance obligations are met:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2 Accounting policies (continued)

Rendering of services

Turnover from the rendering of services is recognised when all of the following conditions are satisfied thus ensuring that all performance obligations are met:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency (GBP) using the spot exchange rates at the date of the transactions.

As 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 the fair value was determined.

Research and development

Research costs are expensed as incurred.

Costs relating to clearly defined and identifiable development projects are capitalised when there is a technical degree of exploitation, adequacy of resources and a potential market or development possibility in the undertaking that is recognisable; and where it is the intention to produce, market or execute the project; and a correlation also exists between the costs incurred and future benefits and those costs can be measured reliably. Capitalised expenses are expensed on a straight-line basis over their useful lives. Costs not meeting such criteria are expensed as incurred.

Tax

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2 Accounting policies (continued)

Tangible assets

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised against the value of the individual asset and accumulated in reserves in shareholders' equity.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using a straight line method, as follows:

Asset class	Depreciation method and rate
Freehold property	50 years
Long term leasehold property	10 to 95 years
Short term leasehold property	1 to 5 years
Plant and machinery	10 to 15 years

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 in the Income Statement.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Cash and cash equivalents

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

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2 Accounting policies (continued)

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2 Accounting policies (continued)

Financial instruments
The company recognised financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The company classifies all of its financial assets as loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The company classifies all of its financial liabilities at amortised cost.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies detailed above, management have made critical accounting judgements including the impairment of fixed assets. Due to the inherent uncertainty involved in making assumptions and estimates, actual outcomes may differ from those assumptions and estimates. An analysis of the key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year is provided below.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of investments, fixed assets and receivables
To determine whether assets are impaired requires an estimation of value in use of the assets/cash-generating units. The value in use calculation requires management to estimate the future cash flows expected to arise from the assets/cash-generating units and a suitable discount rate in order to calculate the net present value. Such calculations require judgement relating to the appropriate discount factors and long-term growth prevalent in a particular market as well as short and medium-term business plans. Management draw upon experience as well as external resources in making these judgements.

Retirement benefit obligations
Retirement benefits are accounted for under IAS 19 (revised): "Employee benefits". For defined benefit plans, obligations are measured at the discount present value whilst plan assets are recorded at fair value. Due to changing market and economic conditions, the expenses made on the basis of these actuarial assumptions. Therefore, declining returns on equity markets and markets for fixed-income could necessitate additional contributions to the plans in order to cover future pension obligations. Also, higher or lower withdrawal rates or longer or shorter life of participants may have an impact on the amount of pension income or expense recorded in the future.

The discount rate used to discount retirement benefit obligations to present value is derived from the yields of senior, high quality corporate bonds at the Balance sheet date. These generally include AA-rated securities. The discount rate is based on the market yield of a portfolio of bonds whose weighted residual maturities approximately correspond to the duration necessary to cover the entire benefit obligation.

Pension and other retirement benefits are inherently long-term and future experience may differ from the actuarial assumptions used to determine the net charge for retirement benefit obligations. Note 22 to these consolidated financial statements describes the principal discount rate, earnings increase and pension retirement benefit obligation assumptions that have been used to determine the net charge for retirement benefit obligations in accordance with IAS19 (revised): "Employee benefits". The calculation of any change relating to retirement benefit obligations is clearly dependent on the assumptions used, which reflects the exercise of judgement. The assumptions adopted are based on prior experience, market conditions and the advice of plan actuaries.

At 31 December 2019, the Group's retirement benefit obligation surplus is recognised in the Balance sheet was £9,042,000 (2018: £10,214,000).

Pension surplus
In accordance with IAS19, the measurement of a defined benefit pension surplus can be restricted to the present value of economic benefits available in the form of refunds or reductions in future contributions. In assessing whether a surplus can be recognised management obtain pension valuations which are performed by using independent specialist advice from qualified actuaries.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Stock provision
Management are required to make judgement on the value of stock to ensure it is stated at the lower of cost and net realisable value. Stock is reviewed regularly and provisions are recognised in respect of slow moving and obsolete stock which is assessed based upon historical information and market conditions. Details of movements on provisions can be found in note 15.

Customer claims
The directors exercise significant judgement in the recognition of provisions for customer claims. A provision is only recognised when the future economic outflow is probable and a reliable estimate can be made of the amount of the obligation. Details of movements on provisions can be found in note 20.

4 Turnover

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

	2019 £ 000	2018 £ 000
Sale of goods	97,518	95,041
Provision of services	1,837	2,002
	99,355	97,043

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

	2019 £ 000	2018 £ 000
UK	19,465	21,496
Europe	39,855	38,133
Rest of world	40,035	37,414
	99,355	97,043

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £ 000	2018 £ 000
Royalties income	6,910	5,750

6 Operating (loss)/profit

Arrived at after charging/(crediting):

	2019 £ 000	2018 £ 000
Depreciation of tangible fixed assets	5,294	4,104
Operating leases- plant and machinery	-	216
Operating leases - other assets	50	1,536
Loss on foreign currency translation	620	450
Cost of stocks recognised as an expense	45,787	50,182
Research and development	899	882
Impairment/(writeback) of intercompany balances	1,555	(50,101)

7 Other interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest receivable from group undertakings	440	398

8 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Loans from group undertakings	2,214	2,353
Other interest payable	878	-
Net interest on net defined benefit liability	(305)	(303)
	2,787	2,050

9 Staff costs

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

	2019 £ 000	2018 £ 000
Wages and salaries	20,906	21,116
Social security costs	2,130	2,249
Pension costs, defined contribution scheme	1,124	1,102
Pension costs, defined benefit scheme	-	1,996
	24,160	26,463

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

	2019 No.	2018 No.
Production	449	435
Administration and support	97	96
Distribution	43	47
	589	578

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	199	810

No benefits were accrued under money purchase pension schemes (2018 - £Nil) on behalf of the directors.

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	101	810

11 Auditor's remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	93	93

12 Tax on (loss)/profit

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

	2019 £ 000	2018 £ 000
Current taxation		
Corporation tax	24	293
Deferred taxation		
Arising from origination and reversal of temporary differences	855	(4,245)
Tax charge/(credit) in the profit and loss account	879	(3,952)

The tax on (loss)/profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
(Loss)/profit before tax	(8,185)	36,298
Corporation tax at standard rate	(1,555)	6,897
Non-deductible impairment	296	-
Expenses/(income) not deductible/allowable for tax purposes	3,427	(11,142)
Tax decrease from utilisation of tax losses	(1,313)	-
Overseas tax suffered	24	293
Total tax charge/(credit)	879	(3,952)

The standard rate of tax applied to reported (loss)/profit is 19% (2018: 19%). Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As the rate change was not substantively enacted at the balance sheet date, the closing deferred tax rate remains at 17%, we calculate that the impact of maintaining the corporation tax at 19% is to increase the deferred tax asset by £332k at 31 December 2019.

12 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

2019	**Asset £ 000**	**Liability £ 000**	**Net deferred tax £ 000**
Pension benefit obligations	-	(1,537)	(1,537)
Accelerated tax depreciation	546	-	546
Other items	6,990	(3,172)	3,818
	7,536	(4,709)	2,827

2018 (Restated)	**Asset £ 000**	**Liability £ 000**	**Net deferred tax £ 000**
Pension benefit obligations	-	(1,736)	(1,736)
Accelerated tax depreciation	335	-	335
Other items	5,589	(858)	4,731
	5,924	(2,594)	3,330

The 2018 deferred tax asset was restated from a liability as explained in note 2 - prior period adjustments.

Deferred tax movement during the year:

	At 1 January 2019 £ 000	**Recognised in income £ 000**	**Recognised in other comprehensive income £ 000**	**At 31 December 2019 £ 000**
Pension benefit obligations	(1,736)	(153)	352	(1,537)
Accelerated tax depreciation	335	211	-	546
Other items	4,731	(913)	-	3,818
Net tax assets/(liabilities)	3,330	(855)	352	2,827

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	**Recognised in income £ 000**	**Recognised in other comprehensive income £ 000**	**Restated At 31 December 2018 £ 000**
Pension benefit obligations	(1,945)	207	2	(1,736)
Accelerated tax depreciation	483	(81)	(67)	335
Other items	612	4,119	-	4,731
Net tax assets/(liabilities)	(850)	4,245	(65)	3,330

There are £25,623,000 of unused tax losses (2018 - £19,736,000) for which no deferred tax asset is recognised in the Balance Sheet.

13 Tangible assets

	Freehold land and buildings £ 000	Long leasehold land and buildings £ 000	Short leasehold land and buildings £ 000	RoU land and buildings £ 000	Plant and machinery £ 000	RoU plant and machinery £ 000	Total £ 000
Cost or valuation							
At 1 January 2019	10,392	1,699	46	18,969	74,364	678	106,148
Additions	701	-	-	12	641	317	1,671
Disposals	-	-	-	-	(22)	-	(22)
At 31 December 2019	11,093	1,699	46	18,891	74,983	995	107,797
Depreciation							
At 1 January 2019	914	318	37	-	57,525	-	58,794
Charge for the year	268	30	2	1,031	3,608	355	5,294
Eliminated on disposal	-	-	-	-	(22)	-	(22)
At 31 December 2019	1,182	348	39	1,031	61,111	355	64,066
Carrying amount							
At 31 December 2019	9,911	1,351	7	17,950	14,512	640	43,731
At 31 December 2018	9,478	1,381	9	-	17,518	-	27,707

Freehold land and buildings included £2,816,000 (2018 - £2,816,000) in respect of land which is not depreciated.

14 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2019	58,254
At 31 December 2019	58,254
Provision	
At 1 January 2019	58,254
At 31 December 2019	58,254
Carrying amount	
At 31 December 2019	-
At 31 December 2018	-

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Country of incorporation	Holding	Proportion of ownership interest and voting rights held 2019	2018
Bridon-American Corporation	USA	Ordinary	100%	100%
Bridon Scheme Trustees Limited	England and Wales	Ordinary	100%	100%

The principal activity of Bridon-American Corporation is that of an engineering company. The registered address of Bridon-American Corporation is C280 New Commerce Boulevard, Wilkes-Barre, PA 18706, United States.

The principal activity of Bridon Scheme Trustees Limited is that of an pension trustee. The registered address of Bridon Scheme Trustees Limited is Icon Building First Point, Balby Carr Bank, Doncaster, South Yorkshire, DN4 5JQ

15 Stock

	2019 £ 000	2018 £ 000
Raw materials	3,093	3,486
Work in progress	3,225	3,534
Finished goods	10,268	11,730
	16,586	18,750

The Directors consider that there is no material difference between the Balance Sheet value of inventories and their replacement cost.

Included within the stock figure is a provision of £1,877,050 (2018 - £1,838,560) against slow moving and obsolete stock.

16 Debtors

Amounts due within one year	2019 £ 000	Restated 2018 £ 000
Trade debtors	15,895	9,029
Debtors from group undertakings	5,029	58,681
Prepayments	1,393	3,536
Other debtors	1,627	103
Deferred tax asset	2,827	3,330
	26,770	74,679

Included within trade debtors is a £209k (2018 - £454k) provision for irrecoverable balances.

Amounts owed from group undertakings are trade balances due 60 days from the end of the invoice month.

Credit risk of trade debtors

	2019 £ 000	2018 £ 000
Low	15,782	8,815
Medium	166	214
High	156	454
Provision	(209)	(454)
	15,895	9,029

17 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
A Ordinary shares of £1 each	47,431,697	47,431,697	35,415,557	35,415,557
B Ordinary shares of £1 each	100	100	100	100
	47,431,797	47,431,797	35,415,657	35,415,657

Shares were issued in the year in consideration for the offset of intercompany loans of £12,016,140.

Rights, preferences and restrictions

A Ordinary shares have the following rights, preferences and restrictions:
Each A ordinary share entitles the holder to one vote on all matters to be voted on by the shareholders of the company except with respect to the election, appointment or removal of directors, which are rights exclusively attached to the B ordinary shares. The holders of A ordinary shares are entitled to dividends or distributions as determined by the board of directors. In the event of a liquidation, dissolution or winding up of the company the holders of the A ordinary shares are entitled to participate in any distributions, on a pro-rata basis, once the holders of the B ordinary shares have been repaid.

B Ordinary shares have the following rights, preferences and restrictions:
The B ordinary shares do not confer any voting rights on matters to be voted on by the shareholders of the company except with respect to the election, appointment or removal of directors. The holders of B ordinary shares are entitled to such dividends or distributions as determined by the board of directors. In the event of liquidation, dissolution or winding up of the company the amount received by B shareholders will be restricted to their nominal value.

18 Reserves

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

Includes any surplus arising on the revaluation of land and buildings.

Hedging reserve

Includes cumulative gains and losses on hedging instruments deemed effective cash flow hedges.

Profit and loss account

Includes all current year retained profits and losses.

19 Leases

The company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach thereby the comparative information presented for 2018 is not restated. Details of the impact of adopting this standard is given under changes to accounting policy in note 2.

On transition, the company elected to apply the practical expedient available not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease will continue to apply to those leases entered or modified before 1 January 2019. However, the company will apply the new definition of a lease to all contracts entered into or modified on or after 1 January 2019. We do not anticipate this change to have a significant impact on the assessment of contracts that are in scope of the definition of a lease.

On transition these leases were brought onto the balance sheet as Right of Use assets, and the company recognised a corresponding liability for the amounts payable under the lease contracts.

The leases are predominately commercial leases on certain land and buildings, vehicles and equipment. There are no material renewal options, escalation clauses or purchase options included in the lease contracts. There are no contingent rentals or operating leases or material sub-leases. There are no significant restrictions placed upon the lessee by entering into these leases. Excluding land and buildings, these leases have an average life of between three and five years.

Right of Use Assets

	Land and buildings £000	Plant and machinery £000	Total £000
At 1 January 2019	18,969	678	19,647
Additions	12	317	329
Depreciation	(1,031)	(355)	(1,386)
At 31 December 2019	17,950	640	18,590

Right-of-use assets are presented as tangible assets (note 13).

Lease liability

	Land and buildings £000	Plant and machinery £000	Total £000
At 1 January 2019	18,969	679	19,648
Additions	12	317	329
Interest expense	73	806	879
Lease payments	(1,595)	(313)	(1,908)
At 31 December 2019	17,459	1,489	18,948

£1,077k of the lease liabilities as at 31 December 2019 is presented within creditors falling due within one year (note 21) and the remaining £17,871k within creditors falling due after more than one year (note 22).

19 Leases (continued)

	2019 £ 000	2018 £ 000
Within one year	1,077	-
In two to five years	3,243	-
In over five years	14,628	-
	18,948	-

Operating leases

For short-term leases (12 months or less) and leases of low value assets the company has elected to treat the lease as an operating lease and recognise a lease expense on a straight-line basis through the income statement as permitted by IFRS 16.

The total future value of minimum lease payments is as follows:

	2019 £ 000	2018 £ 000
Within one year	50	1,851
In two to five years	42	6,571
In over five years	-	23,130
	92	31,552

The amount of non-cancellable operating lease payments recognised as an expense during the year was £50,000 (2018 - £1,752,000)

20 Other provisions

	Product claim provision £ 000	Other provisions £ 000	Restated Total £ 000
At 1 January 2019	2,437	983	3,420
Increase in existing provisions	895	-	895
Provisions used	(1,193)	(8)	(1,201)
Unused provision reversed	(270)	(318)	(588)
At 31 December 2019	1,869	657	2,526

The product claim liability provision relates to product risk assessments made by management. These provisions are expected to be utilised within the next 12 to 24 months.

Other provisions comprise claims for historic employee liability claims, lease dilapidations, environmental rectification and asbestos removal costs. The ultimate timing of utilisation of these provisions is uncertain.

The prior year restatement detailed in note 2 restated the deferred tax liability included in the 2018 financial statements to a deferred tax asset.

21 Creditors: Amounts falling due within one year

	2019 £ 000	2018 £ 000
Trade creditors	16,468	14,403
Amounts due to group undertakings	4,408	108,742
Social security and other taxes	567	660
Other creditors	5,924	7,044
Lease liability (note 19)	1,077	-
	28,444	130,849

Amounts due to group undertakings is interest on the rolling credit facility or trade balances due 60 days from the end of the invoice month.

22 Creditors: Amounts falling due after more than one year

	2019 £ 000	2018 £ 000
Amounts owed to group undertakings	47,737	-
Long term lease liability (note 19)	17,871	-
Other creditors	-	685
	65,608	685

Group debts are a rolling credit facility that is unsecured and interest bearing.

23 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,124,464 (2018 - £1,101,964).

Contributions payable to the pension scheme at the end of the year are £155,317 (2018 - £161,669).

Defined benefit pension schemes

The Bridon (2013) Pension Scheme

The company is the sponsoring employer of a final salary defined benefit pension scheme. The Bridon (2013) Pension Scheme. The Scheme is registered under UK legislation and is administered by a separate fund that is legally separate from the company. The trustees are responsible for the operation and governance of the Scheme and are required by law to act in the interest of the fund and of all relevant stakeholders in the plans.

The cost of the defined benefit plan is determined in accordance with 'IAS 19 : Employee Benefits' with the advice of independent, professionally qualified actuaries on the basis of formal actuarial valuations using the projected unit credit method. Valuations of the scheme are based on the full actuarial valuations as of 31 December 2016, updated at 31 December 2019 by independent actuaries.

The funding valuation of the Scheme carried out as at 31 December 2016 by a qualified actuary showed a deficit of £5.8m. The company entered into a funding agreement in order to make good this shortfall. Agreement was reached with the Trustees that £750,000 of contributions were required during 2019. As at 31 December 2019 the company recognised a pension surplus of £9,042,295 (2018 - £10,214,000) as the company has determined that it has an unconditional right to a refund of the surplus and therefore the surplus is not restricted.

The expected contributions to the plan for the next reporting period are £750,000.

Risks

Investment risk
The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Property market risk
A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Interest risk
A significant proportion of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also reduce the surplus.

23 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2019 £ 000	2018 £ 000
Fair value of scheme assets	90,168	81,552
Present value of scheme liabilities	(81,126)	(71,338)
Defined benefit pension scheme surplus	9,042	10,214

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2019 £ 000	2018 £ 000
Fair value at start of year	81,552	87,860
Interest income	2,319	2,262
Actuarial gains/(losses)	9,483	(3,539)
Contributions by scheme participants	750	158
Benefits paid	(3,781)	(5,044)
Administrative expenses paid	(155)	(145)
Fair value at end of year	90,168	81,552

Analysis of assets

The major categories of scheme assets are as follows:

	2019 £ 000	2018 £ 000
Cash and cash equivalents	1,934	2,854
Equity instruments	6,843	24,221
Index linked bonds	42,676	53,498
Corporate bonds	38,715	979
	90,168	81,552

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

23 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2019 £ 000	2018 £ 000
Present value at start of year	71,338	76,413
Past service cost	-	1,536
Actuarial losses/(gains)	11,555	(3,526)
Interest cost	2,014	1,959
Benefits paid	(3,781)	(5,044)
Present value at end of year	81,126	71,338

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	2019 %	2018 %
Rate of increase in pension payments		
RPI max 5%	2.75	2.95
RPI min 3%, max 5%	3.65	3.75
RPI max 2.5%	1.85	1.90
Discount rate	2.05	2.90
Inflation (RPI)	2.90	3.15
Inflation (CPI)	2.10	2.00

Post retirement mortality assumptions

	2019 Years	2018 Years
Current UK pensioners at retirement age - male	19.6	20.10
Current UK pensioners at retirement age - female	22.8	23.30
Future UK pensioners at retirement age - male	20.2	21.10
Future UK pensioners at retirement age - female	23.6	24.50

Sensitivity analysis

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease by 0.1%	Decrease / increase by 2.3%
Inflation assumption	Increase / decrease by 0.1%	Decrease / increase by 1.8%
Post retirement morality	Increase by 1 year	Increase by 3.2%

23 Pension and other schemes (continued)

Amounts recognised in the Profit and loss Statement and Statement of other comprehensive income in respect of these defined benefit plans are as follows:

	2019	2018
	£000's	£000's
Profit and loss		
Administrative expenses	-	(1,996)
Net interest income	305	303
	305	**(1,693)**
Other comprehensive (expense)/income		
Return on plan assets in excess of that recognised in net interest	9,483	(3,539)
Actuarial (loss)/gain due to changes in financial assumptions	(13,822)	3,968
Actuarial gain/(loss) on scheme liabilities arising from experience	213	(952)
Actuarial gain due to demographic assumption changes in DBO	2,054	510
	(2,072)	**(13)**
Total amount recognised in profit and loss and other comprehensive income	**(1,767)**	**(1,706)**

24 Parent of group in whose consolidated financial statements the company is consolidated

The immediate parent undertaking of the company is Bridon Limited, a company incorporated in England and Wales. The ultimate controlling party of the company is NV Bekaert SA, a company incorporated in Belgium, whose registered office is Bekaertstraat 2, 8550 Zwevegem, Belgium.

The smallest and largest group of which the company is a member and in to which the company's financial statements were consolidated at 31 December 2019 is NV Bekaert SA.

Copies of the consolidated financial statements referred to above which include the results of the company are available from NV Bekaert SA, Bekaertstraat 2, 8550 Zwevegem, Belgium.

25 Events after the balance sheet date

In early January 2020, a human infection originating in China was traced to a novel strain of coronavirus. The virus has subsequently spread to other parts of the world, including the U.S. and Europe, and has caused unprecedented disruptions in the global economy as efforts to contain the spread of the virus have intensified. On March 11, 2020, the World Health Organization officially declared this coronavirus outbreak (also referred to as COVID-19) a pandemic.

The development and fluidity of the situation makes any prediction about an ultimate impact of the COVID-19 pandemic difficult. The directors have therefore prepared and reviewed a number of potential scenarios for the business separately to understand the potential risks to the financial results of BBRG. The scenarios perform an analysis by region in which BBRG operates and assumes a worst case scenario of dropping revenue globally by 30% for the full year 2020 with the consequent impact on profit, working capital and ultimately liquidity. The assumptions in relation to the worst case scenario were discussed and agreed as such between the directors and the Board of directors of the ultimate parent company.

Given the current impact of the COVID-19 pandemic on populations and economies worldwide, the directors have implemented specific measures and are continuously evaluating the need for additional actions in order to:

1. Safeguard the health and safety of all employees and of contractors and visitors on our sites,
2. Rigorously comply with the regulations deployed in all countries hosting BBRG activities,
3. Closely communicate with customers and suppliers so that our supply chain actions are aligned,
4. Mitigate the consequences of the crisis on the profitability and liquidity of the group by having implemented a Profit Assurance Plan including short and mid-terms actions managing and closely monitoring working capital and liquidity.

The directors continue to monitor the situation closely and all mitigating actions are being continually evaluated. The directors currently believe that they have adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this report. The directors have also considered the implication on the going concern assumptions and positively concluded on its validity.