

Registration number: 00416671

Bridon International Ltd.

Annual Report and Financial Statements

for the Year Ended 31 December 2021



Bridon International Ltd.

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Bridon International Ltd.

Company Information

Directors

D Boffe

A Pike

S Weston

Registered office

Icon Building

Balby Carr Bank

Doncaster

South Yorkshire

DN4 5JQ

Statutory auditor

Ernst & Young LLP

Statutory Auditor

24 Marina Court

Castle Street

Hull

HU1 1TJ

Bridon International Ltd.

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

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 2021 was £94,375k (2020 - £84,112k), an increase of £10,263k. This increase was driven by higher volumes in addition to price increases aligned with cost inflation. Mining saw the largest sales increase (58%) after the decline of the prior year, along with increased fishing and marine sales (16.9%). Other key market segments saw a decline such as oil and gas (21.3%) and the cranes and industrial segment (down 17.3%). As at 31 May 2020 the Company's branch office in the United Arab Emirates was transferred into a separate legal entity, Bridon Middle East FZE, which is wholly owned by Bridon International Ltd. The operating results up to the date of the transfer are disclosed within the comparatives as discontinued operations in the profit and loss account on page 13.

The operating loss for the year ended 31 December 2021 was £623k (2020 - £94,989k) and retained loss for the year was £3,950k (2020 - £89,356k). EBITDA for the year was £5,130k (2020 - loss of £89,571k). This increase was due to the write-off of intercompany balances in 2020 as a result of a group loan simplification and restructuring which took place during the year. As part of this restructuring the ownership of the company transferred from Bridon Limited to Bridon Holdings Limited on 22 April 2020. In addition share capital was issued in consideration for the offset and reassignment of an intercompany loan, resulting in an addition to share capital and share premium and a reduction in amounts owed to group undertakings. In the current year there has been further impairment of an intercompany loan. Excluding these loan impairment/write offs results in an operating profit for the year of £984k (2020 - £2,508k). This reduction is in part due to the positive effects in 2020 of specific Covid mitigating measures being neutralized in 2021 in addition to any price increases not being fully aligned to cost inflation. The accelerated implementation of the profit restoration program implemented in 2019 focused on core wire and rope offerings, new emerging sectors, overhead reduction and efficiency improvements to return the company to profitability and increase cash generation.

The company's cash position has reduced to £3,632k (2020 - £4,426k). Towards the end of 2021 Bridon International joined the group cashpool arrangement and receipts began to be paid into this account. In early 2022 payments began to be made through this arrangement also.

Key performance indicators.

The directors of the Company assess performance by considering key financial and other performance indicators as follows:

	Unit	2021	2020
Revenue Growth	%	12	(15)
EBITDA	£000	5,130	(89,571)
Cash Position	£000	3,632	4,426
Working Capital on sales ratio	%	11	12

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

	Unit	2021	2020
Lost time incidents	Number	4	4
Lost days as a result of incidents	Days	137	68

Bridon International Ltd.

Strategic Report for the Year Ended 31 December 2021 (continued)

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.

COVID-19 risk

The impact of COVID-19 on the company's operations and underlying results during 2021 were limited and continued to be effectively countered through extensive measures to secure the health and safety of employees and the supply continuity to customers.

The company received income of £294k (2020: £1,196k) from the UK Government's Coronavirus Job Retention Scheme (CJRS) for the staff furloughed in the year which has been recognised in the Profit and Loss Account. All receipts from the Job Retention Scheme have been paid in full to staff on furlough. This has been recognised as a grant in accordance with the accounting policy set out on page 19.

The COVID-19 pandemic has persisted in 2022. As a result, the ongoing risk associated with COVID-19 and its impact on the group and its trade will continue to be monitored.

Supply chain and Brexit risk

The UK formally left the EU on 31 January 2020, trade was then subject to a transition period ending on 31 December 2020 and new trading rules came into effect from 1 January 2021. As a result of these new rules some increased operational complexity has been seen.

The Company faced some supply chain challenges and risks as a result of Brexit, along with global COVID-19 restrictions and more recently the conflict in Ukraine. Interruptions in the supply of materials due to haulage and container shortages and cross border delays have impacted supply chain operations. To help mitigate these risks the Company continues to explore all opportunities to maintain a reliable and cost-effective supply chain, working closely with current suppliers and engaging with new ones, to ensure a continuation of supply and production. The Groups global presence reduces the risk of source dependency and a lack of alternatives to continue its business activities, should one source fail to deliver or become too expensive.

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.

The COVID-19 pandemic has increased this risk, as the liquidity position of certain customers has been affected by the consequences of the pandemic. However at present the company has not been confronted with significantly increased bad debt provisions or customer bankruptcies leading to write-offs of bad debts.

Sales to Russian companies in 2021 were £196k, no payments remaining outstanding. In 2022 there have been no sales made to date. The company does not have any current suppliers in Russia or Ukraine.

Liquidity risk

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

Bridon International Ltd.

Strategic Report for the Year Ended 31 December 2021 (continued)

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.

The directors recognise that the overall framework that Section 172 promotes is to drive the long-term success and economic viability of the Company for the benefit of its shareholders and other key stakeholders.

The following section outlines how the Company engages with, and has regard to, each of its stakeholders and the principal decisions made in 2021.

Ultimate Parent Company

We maintain frequent dialogue through regular meetings and monthly reporting to ensure the company and its operations remain aligned with the Group's strategy.

Employees

During 2021 the strategic priorities continued to be influenced by the Covid-19 pandemic ensuring the health, wellbeing and safety of employees, protecting our customers and our business, ensuring financial strength. In line with government advice employees continued to work from home when required and where this was not possible the company maintained social distancing and other health and safety measures.

Safety of employees is reviewed as a standing item in monthly meetings and the company has in place a Mental Health First Aid program.

In January 2021 the group introduced a hybrid working model for office workers at Bekaert, based on the approach that work is not a place that you go to but about the activities that a team is accountable for. It intends to protect people's health during the pandemic and boost productivity, engagement and well-being.

Group and local leadership teams regularly communicate and engage with employees through online quarterly business briefing, intranet updates and emails and to keep employees up to speed with the latest innovations in their work domain, the group has expanded its online My Learning platform.

Customers

The Company has a broad customer base spanning a number of sectors. The business aims to be the customers' partner of choice. We create customer value through innovation, consistent quality and sustainable solutions.

Senior management are in regular communication with customers to ensure appropriate consideration is given in the planning and decision-making processes.

Suppliers

We aim to work in close partnership in an open and transparent relationship where risks and benefits are shared equitably. Purchasing decisions are based first and foremost on the technical performance and fit of the product and secondly on the commercial terms.

The group recognises the importance of responsible sourcing and its Supplier Code of Conduct outlines environmental, labour and governance related requirements that suppliers must comply with.

Bridon International Ltd.

Strategic Report for the Year Ended 31 December 2021 (continued)

Community

The company fulfils its responsibilities to each community in which it operates by promoting and applying responsible and sustainable business practices. The group supports charitable giving through its matched giving scheme.

Environmental

The Company is 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.

The Company is committed to environmental sustainability in its operations and products. The Company adheres to all domestic environmental regulations and approved code of practices which govern activities or operations that may have adverse environmental effects. Further information is included within the Streamlined Energy and Carbon Reporting (SECR) Statement in the Directors' Report.

Principal decisions in the year

Principal decisions include significant commercial and operational decisions. The Board of Directors are responsible for making principal decisions with informal delegation to management and expertise sought from various functions. Where individual Directors are not directly involved, regular feedback and discussions are held with the relevant management teams. The Directors have oversight of the running of the Company, including through regular reviews and consideration of potential risks and opportunities. The Board composition is such that it has the necessary skills and experience required to identify the impacts of its decisions on the key stakeholders, and where relevant, the likely consequences of the decisions in the long-term.

All principal decisions made in good faith, to most likely promote the success of the Company for the benefits of its members as a whole, having regard, amongst other things, to the matters as listed in s172(1) of the Companies Act 2006.

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 focusing on core products, new and emerging markets as well as streamlining overheads and promoting efficiency improvements across the business to drive down costs.

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 28 September 2022 and signed on its behalf by:



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A Pike
Director

Bridon International Ltd.

Directors' Report for the Year Ended 31 December 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Directors of the company

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

G Cook (resigned 4 November 2021)

S Weston

D Boffe

A Pike (appointed 1 February 2022)

Results and dividends

The loss for the year, after taxation, amounted to £3,174k (2020 - £94,695k).

The directors do not recommend payment of a dividend for the year (2020 - £nil).

Financial risk management objectives and policies

Financial risk management objectives and policies are discussed in the Strategic Report.

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.

Slavery and Human Trafficking

The company is committed to ensuring that there is no modern-day slavery or human trafficking in our supply chains or in any part of our business. The adoption of an Anti-slavery Policy reflects our commitment to acting ethically and with integrity in all of our business relationships and to implementing and enforcing effective systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our business or supply chain.

Future developments

The Company, having completed its turn-around plan that started in 2019, is now looking for profitable growth. Retaining benefit of the production efficiencies achieved in the past 3 years, this will be derived from an optimised pricing and market strategy in our ropes business, as well as expanding our services offering via both organic growth as well as acquisitions.

Bridon International Ltd.

Directors' Report for the Year Ended 31 December 2021 (continued)

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, 2019 and 2020. The 2021 return is prepared and will be submitted when possible.

Streamlined Energy and Carbon Reporting (SECR) Statement

The below table contains the company's annual energy consumption and associated greenhouse gas emissions as required under the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018.

	2021	2020
UK energy use (kWh)	70,807,670	85,022,111
Associated greenhouse gas emissions (Tonnes CO ₂ equivalent)	13,090	11,389

Associated Greenhouse gases have been calculated using the 'GHG Protocol Corporate Accounting and Reporting Standard' methodology and carbon conversion factors have been taken from 'UK Government GHG Conversion Factors for Company Reporting – 2021'.

For the purpose of baselining and ongoing comparison an intensity metric of production volume per amount of GHG has been calculated at 0.48 Tonnes CO₂ equivalent per production tonne.

The electricity consumed in the UK comes from renewable energy sources and in line with the Bekaert Group initiative we are striving to reduce our GHG emissions with the group committed to becoming carbon neutral by 2050.

The group is developing and implementing standard solutions and initiatives that aim to reduce energy consumption and greenhouse gas emissions. The Bekaert Manufacturing System (BMS), which is a longstanding transformation program focused on manufacturing excellence in general, focuses explicitly on energy and emission reduction measures. In line with this initiative the Company is driving to develop eco-friendlier production processes for its plants with initiatives that aim to reduce energy consumption and CO₂ emissions and by installing energy-efficient infrastructure and equipment in the plants when possible.

Responsible water process management is another aspect of the Company's efforts to make the production processes more eco-friendly. The roof of the Newcastle plant has a guttering system to collect rainwater and channel it into an underground storage tank. A water filtration and pumping system cleans and circulates the rainwater through the water system. The roof also has solar panels that provide energy to heat the water. 95% of the water used in the plant is reclaimed.

The initiative also covers product innovation and Bridon International was a winning partner in the investments announced by the UK Government for the development of new technologies for deep-sea floating wind projects; the development of a novel, lightweight anchoring system and the development of new mooring system technologies, cable protection, and an advanced digital monitoring system.

Manufacturing plants within the UK are certified to ISO 14001, the international environmental management system standard in renewable energy sources. We also closely monitor the compliance of our activities with the EU REACH chemicals regulation, and we ask our suppliers to verify their REACH compliance in the supply process of raw materials.

Bridon International Ltd.

Directors' Report for the Year Ended 31 December 2021 (continued)

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 any ongoing impact of COVID-19 and the Russia-Ukraine conflict. The directors currently believe that they have adequate liquidity and business plans to continue to operate the business 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 of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 28 September 2022 and signed on its behalf by:



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A Pike
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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Bridon International Ltd.

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

Opinion

We have audited the financial statements of Bridon International Limited for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes¹ to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Bridon International Ltd.

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

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Bridon International Ltd.


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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, FRS 101, the Companies Act 2006 and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements relating to health and safety at work, employee matters and data protection.
- We understood how the company is complying with those frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and consideration of the results of our audit procedures across the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where they considered there was susceptibility to fraud and reviewed the entity level controls in place. We also considered the existence of performance targets and their potential influence on management to manage earnings. We gained an understanding of the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those controls. Where the risk was higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with the laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions; enquiries of company management; and challenging the assumptions and judgements made by management by reviewing third party evidence wherever possible. We also leveraged our data analytics platform in performing our work to assist in identifying higher risk transactions for testing.

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

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.



Richard Frostick (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull

Date: 29 September 2022

Bridon International Ltd.

Profit and Loss Account for the Year Ended 31 December 2021

		2021	2021	2020	2020	
		Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Total
		£000	£000	£000	£000	£000
Turnover	4	94,375	-	82,999	1,113	84,112
Cost of sales		(82,204)	-	(71,116)	(1,032)	(72,148)
Gross profit		12,171	-	11,883	81	11,964
Distribution costs		(10,480)	-	(8,814)	(85)	(8,899)
Administrative expenses		(7,317)	-	(7,888)	(72)	(7,960)
Write-off of intercompany debtors		-	-	(95,436)	-	(95,436)
Impairment of intercompany debtors		(1,607)	-	(2,061)	-	(2,061)
Other operating income	5	6,316	-	6,207	-	6,207
Coronavirus Job Retention Scheme income	9	294	-	1,196	-	1,196
Operating loss	6	(623)	-	(94,913)	(76)	(94,989)
Other interest receivable and similar income	7	624	-	587	-	587
Interest payable and similar charges	8	(831)	-	(1,435)	-	(1,435)
Loss before tax		(830)	-	(95,761)	(76)	(95,837)
Tax on loss	12	(2,344)	-	1,142	-	1,142
Loss for the year		(3,174)	-	(94,619)	(76)	(94,695)

The notes on pages 17 to 41 form an integral part of these financial statements.

Bridon International Ltd.

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021	2020
	£000	£000
Loss for the year	(3,174)	(94,695)
Items that will not be reclassified to profit or loss		
Actuarial gain on defined benefit pension schemes before tax	331	6,890
Tax rate changes	-	(325)
Deferred tax on actuarial gain on pension scheme	(1,107)	(1,226)
	(776)	5,339
Total comprehensive expense for the year	(3,950)	(89,356)

The notes on pages 17 to 41 form an integral part of these financial statements.

Bridon International Ltd.

(Registration number: 00416671)

Balance Sheet as at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	2,697	2,275
Tangible assets	14	42,112	42,606
Investments in subsidiaries	15	10	10
		<u>44,819</u>	<u>44,891</u>
Current assets			
Stock	16	19,733	16,321
Debtors	17	26,805	22,469
Cash at bank and in hand		3,632	4,426
		<u>50,170</u>	<u>43,216</u>
Creditors: Amounts falling due within one year	22	<u>(39,097)</u>	<u>(27,410)</u>
Net current assets		<u>11,073</u>	<u>15,806</u>
Total assets less current liabilities		<u>55,892</u>	<u>60,697</u>
Creditors: Amounts falling due after more than one year	23	<u>(16,373)</u>	<u>(16,913)</u>
Provisions for liability	21	<u>(133)</u>	<u>(1,978)</u>
Net assets excluding pension asset		<u>39,386</u>	<u>41,806</u>
Net pension asset	24	<u>16,677</u>	<u>16,256</u>
Net assets		<u><u>56,063</u></u>	<u><u>58,062</u></u>
Capital and reserves			
Called up share capital	18	48,884	48,884
Share premium reserve		192,618	192,618
Revaluation reserve		6,115	6,115
Profit and loss account		<u>(191,554)</u>	<u>(189,555)</u>
Shareholders' funds		<u><u>56,063</u></u>	<u><u>58,062</u></u>

These financial statements were approved and authorised for issue by the Board on 28 September 2022 and signed on its behalf by:



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A Pike
Director

Bridon International Ltd.

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	48,884	192,618	6,115	(189,555)	58,062
Discontinued operations adjustment	-	-	-	1,951	1,951
At 1 January 2021	-	-	-	(187,604)	-
Loss for the year	-	-	-	(3,174)	(3,174)
Other comprehensive income	-	-	-	(776)	(776)
Total comprehensive income	-	-	-	(3,950)	(3,950)
At 31 December 2021	48,884	192,618	6,115	(191,554)	56,063

	Share capital £ 000	Share premium £ 000	Revaluation reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	47,432	48,839	6,115	(100,199)	2,187
Loss for the year	-	-	-	(94,695)	(94,695)
Other comprehensive income	-	-	-	5,339	5,339
Total comprehensive expense	-	-	-	(89,356)	(89,356)
New share capital subscribed	1,452	143,779	-	-	145,231
At 31 December 2020	48,884	192,618	6,115	(189,555)	58,062

The notes on pages 17 to 41 form an integral part of these financial statements.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021

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. The principal activities of the Company and the nature of the Company's operations are set out in the strategic report on pages 2 to 5.

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.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 any ongoing impact of COVID-19. The directors currently believe that they have adequate liquidity and business plans to continue to operate the business 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.

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.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

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

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.

Government Grants

Grants received under the UK Government's Coronavirus Job Retention Scheme are recognised only when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

Intangible assets

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged so as to write off the cost of assets over their estimated useful lives of 10 year using a straight line method.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

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 Profit and Loss Account.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee, under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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

Stock is 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.

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.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

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.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 Profit and Loss Account. 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 the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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

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 24 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 2021, the Group's retirement benefit obligation surplus is recognised in the Balance sheet was £16,677,000 (2020: £16,256,000).

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.

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 16.

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 21.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Turnover

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

	2021 £ 000	2020 £ 000
Sale of goods	92,492	82,512
Provision of services	1,883	1,600
	<u>94,375</u>	<u>84,112</u>

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

	2021 £ 000	2020 £ 000
UK	16,314	13,237
Europe	48,014	33,135
Rest of world	30,047	37,740
	<u>94,375</u>	<u>84,112</u>

5 Other operating income

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

	2021 £ 000	2020 £ 000
Royalties income	6,316	6,207

6 Operating loss

Arrived at after charging/(crediting):

	2021 £ 000	2020 £ 000
Depreciation of tangible fixed assets – owned assets	4,059	3,988
Depreciation of tangible fixed assets – right of use assets	1,390	1,392
Amortisation of intangible fixed assets	304	38
Operating leases - other assets	42	50
Loss on foreign currency translation	859	187
Cost of stocks recognised as an expense	41,907	35,144
Research and development	924	693
Loss/(profit) on disposal of fixed assets	5	(487)
Impairment of intercompany balances	1,607	2,061
Write-off of intercompany balances	-	95,436

In 2020 as a result of the loan simplification and restructuring which took place during the year an intercompany loan of \$117,956,228 (£95,436,235) was transferred to the company and subsequently written off.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Other interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest receivable from group undertakings	370	368
Net interest on net defined benefit liability	243	192
Dividends received	11	27
	<u>624</u>	<u>587</u>

8 Interest payable and similar charges

	2021 £ 000	2020 £ 000
Loans from group undertakings	25	596
Other interest payable – interest on lease liabilities	806	839
	<u>831</u>	<u>1,435</u>

9 Staff costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	17,805	18,554
Social security costs	2,105	1,882
Pension costs, defined contribution scheme	1,369	1,472
	<u>21,279</u>	<u>21,908</u>

The company received income of £294k (2020: £1,196k) from the UK Government's Coronavirus Job Retention Scheme (CJRS) for the staff furloughed in the year. This has been disclosed separately in the Profit and Loss account.

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

	2021 No.	2020 No.
Production	411	426
Administration and support	91	91
Distribution	28	30
	<u>530</u>	<u>547</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	314	270

No benefits were accrued under money purchase pension schemes (2020 - £Nil) on behalf of the directors.

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	188	165

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	100	111

No other amounts were paid to the company's auditors in respect of other services provided.

12 Tax on loss

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

	2021 £ 000	2020 £ 000
Current taxation		
UK tax	-	240
Foreign tax relief	-	(240)
Corporation tax	375	836
Deferred taxation		
Current year	-	(146)
Impact of tax rate change	315	(513)
Arising from origination and reversal of temporary differences	1654	(1,319)
Tax (credit)/charge in the profit and loss account	2,344	(1,142)

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

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Loss before tax	(830)	(94,695)
Corporation tax at standard rate	(158)	(17,992)
Non-deductible impairment	305	18,524
Expenses/(income) not deductible/allowable for tax purposes	(533)	(398)
Group relief surrendered	386	-
Impact of tax rate change	315	(513)
Prior year adjustment	1,654	(1,319)
Overseas tax suffered	375	556
Total tax (credit)/charge	2,344	(1,142)

The standard rate of tax applied to the reported loss is 19% (2020: 19%).

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 24 May 2021 and accordingly the deferred tax balances have been re-calculated at the year end to reflect this change taking into account timing of expected realisation of deferred tax assets. This rate change resulted in an increase in the deferred tax asset which has been recognised in the Statement of Comprehensive Income.

However, on 23rd September 2022, the Government announced that the rate increase to 25% will be cancelled and the main UK corporation tax rate shall remain at 19%. As this has yet to be enacted into law it has not been reflected in the Company's deferred tax balances in this accounting period.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2021			
Pension benefit obligations	-	(4,169)	(4,169)
Accelerated tax depreciation	22	-	22
Other items	4,325	-	4,325
	<u>4,347</u>	<u>(4,169)</u>	<u>178</u>
2020			
Pension benefit obligations	-	(3,088)	(3,088)
Accelerated tax depreciation	1,254	-	1,254
Other items	5,088	-	5,088
	<u>6,342</u>	<u>(3,088)</u>	<u>3,254</u>

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2021 £ 000
Pension benefit obligations	(3,088)	26	(1,107)	(4,169)
Accelerated tax depreciation	1,254	(1,232)	-	22
Other items	5,088	(763)	-	4,325
Net tax assets/(liabilities)	<u>3,254</u>	<u>(1,969)</u>	<u>(1,107)</u>	<u>178</u>

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2020 £ 000
Pension benefit obligations	(1,537)	-	(1,551)	(3,088)
Accelerated tax depreciation	546	708	-	1,254
Other items	3,818	1,270	-	5,088
Net tax assets/(liabilities)	<u>2,827</u>	<u>1,978</u>	<u>(1,551)</u>	<u>3,254</u>

Bridon International Ltd.

**Notes to the Financial Statements for the Year Ended 31 December 2021
(continued)**

13 Intangible assets

	Licence agreement £000
Cost	
At 1 January 2021	2,313
Additions	726
At 31 December 2021	<u>3,039</u>
Amortisation	
At 1 January 2021	38
Charge for the year	304
At 31 December 2021	<u>342</u>
Carrying amount	
At 31 December 2021	<u>2,697</u>
At 31 December 2020	<u>2,275</u>

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 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 2021	11,759	1,699	-	18,969	74,761	918	108,106
Additions	692	-	-	327	3,663	381	5,063
Disposals	-	-	-	-	(337)	(94)	(431)
At 31 December 2021	12,451	1,699	0	19,296	78,087	1,205	112,738
Depreciation							
At 1 January 2021	1,447	386	-	2,110	60,978	579	65,500
Charge for the year	284	8	-	1,087	3,767	303	5,449
Eliminated on disposal	-	-	-	-	(316)	(7)	(323)
At 31 December 2021	1,731	394	0	3,197	64,429	875	70,626
Carrying amount							
At 31 December 2021	10,720	1,305	0	16,099	13,658	330	42,112
At 31 December 2020	10,312	1,313	0	16,859	13,783	339	42,606

Freehold land and buildings included £2,816,000 (2020 - £2,816,000) in respect of land which is not depreciated.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

15 Investments

Subsidiaries	£ 000
Cost	
At 1 January and 31 December 2021	58,264
Provision	
At 1 January and 31 December 2021	58,254
Carrying amount	
At 31 December 2021	10
At 31 December 2020	10

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Country of incorporation	Holding	Proportion of ownership interest and voting rights held	
			2021	2020
Bridon-American Corporation	USA	Ordinary	100%	100%
Bridon Scheme Trustees Limited	England and Wales	Ordinary	100%	100%
Bridon Middle East FZE	United Arab Emirates	Ordinary	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 a pension trustee. The registered address of Bridon Scheme Trustees Limited is Icon Building First Point, Balby Carr Bank, Doncaster, South Yorkshire, DN4 5JQ

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Stock

	2021	2020
	£ 000	£ 000
Raw materials	5,099	3,418
Work in progress	4,429	2,714
Finished goods	10,205	10,190
	<u>19,733</u>	<u>16,321</u>

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 £1,685,702 (2020 - £1,883,068) against slow moving and obsolete stock.

17 Debtors

	2021	2020
	£ 000	£ 000
Trade debtors	12,512	8,254
Debtors from group undertakings	10,592	8,230
Prepayments	2,321	1,569
Other debtors	1,202	1,162
Deferred tax asset	178	3,254
	<u>26,805</u>	<u>22,469</u>

Amounts owed from group undertakings are trade balances due 90 days from the end of the invoice month and are non interest bearing.

Credit risk of trade debtors

	2021	2020
	£ 000	£ 000
Low	12,473	8,186
Medium	76	-
High	162	238
Provision	(199)	(170)
	<u>12,512</u>	<u>8,254</u>

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Share capital

Allotted, called up and fully paid shares

		2021		2020
	No.	£	No.	£
A Ordinary shares of £1 each	48,883,697	48,883,697	47,431,697	47,431,697
B Ordinary shares of £1 each	100	100	100	100
	48,883,797	48,883,797	47,431,797	47,431,797

Shares were issued in 2020 in consideration for the offset of an intercompany loan of £49,794,386 and reassignment of an intercompany loan of \$117,956,228 (£95,436,235).

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.

19 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.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Leases

Leases are recognised on the balance sheet as Right of Use assets and 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 2021	16,859	339	17,198
Additions	327	381	708
Disposals	-	(87)	(87)
Depreciation	(1,087)	(303)	(1,390)
At 31 December 2021	16,099	330	16,429

Right-of-use assets are presented as tangible assets (note 14).

Lease liability

	Land and buildings £000	Plant and machinery £000	Total £000
At 1 January 2021	16,681	1,190	17,871
Additions	327	381	708
Disposals	-	(87)	(87)
Interest expense	795	11	806
Lease payments	(1,593)	(318)	(1,911)
At 31 December 2021	16,210	1,177	17,387

As at 31 December 2021 £1,014k (2020: £958k) of the lease liabilities is presented within creditors falling due within one year (note 22) and the remaining £16,373k (2020: £16,913k) within creditors falling due after more than one year (note 23).

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Leases (continued)

	2021	2020
	£ 000	£ 000
Within one year	1,014	958
In two to five years	3,334	3,066
In over five years	13,039	13,847
	<u>17,387</u>	<u>17,871</u>

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 Profit and Loss Account as permitted by IFRS 16.

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

	2021	2020
	£ 000	£ 000
Within one year	-	42
In two to five years	-	-
	<u>-</u>	<u>42</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £42,000 (2020 - £50,000)

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

21 Other provisions

	Product claim provision £ 000	Other provisions £ 000	Total £ 000
At 1 January 2021	1,331	647	1,978
Increase in existing provisions	69	-	69
Provisions used	(129)	(9)	(138)
Unused provision reversed	(1,234)	(542)	(1,776)
At 31 December 2021	37	96	133

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.

22 Creditors: Amounts falling due within one year

	2021 £ 000	2020 £ 000
Trade creditors	21,665	14,208
Amounts due to group undertakings	10,278	6,521
Social security and other taxes	603	598
Other creditors	5,537	5,126
Lease liability (note 20)	1,014	958
	<u>39,097</u>	<u>27,410</u>

Amounts due to group undertakings is interest on the rolling credit facility or trade balances due 90 days from the end of the invoice month.

23 Creditors: Amounts falling due after more than one year

	2021 £ 000	2020 £ 000
Long term lease liability (note 20)	<u>16,373</u>	<u>16,913</u>

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

24 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 £1,369,028 (2020 - £1,472,494).

Contributions payable to the pension scheme at the end of the year are £154,411 (2020 - £165,329).

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 2019, updated at 31 December 2021 by independent actuaries.

A funding valuation of the Scheme was carried out as at 31 December 2019 by a qualified actuary and showed a surplus in the scheme. As a result company contributions into the scheme ceased from July 2020. As at 31 December 2021 the company recognised a pension surplus of £16,677,000 (2020 - £16,256,000) 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 £nil.

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.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

24 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:

	2021	2020
	£ 000	£ 000
Fair value of scheme assets	95,357	98,964
Present value of scheme liabilities	(78,680)	(82,708)
Defined benefit pension scheme surplus	<u>16,677</u>	<u>16,256</u>

Scheme assets

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

	2021	2020
	£ 000	£ 000
Fair value at start of year	98,964	90,168
Interest income	1,465	1,794
Actuarial gains	(2,510)	11,814
Contributions by scheme participants	-	375
Benefits paid	(2,410)	(5,144)
Administrative expenses paid	(152)	(43)
Fair value at end of year	<u>95,357</u>	<u>98,964</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2021	2020
	£ 000	£ 000
Cash and cash equivalents	1,144	5,940
Equity instruments	11,634	13,104
Index linked bonds	52,732	54,811
Corporate bonds	<u>29,847</u>	<u>25,109</u>
	<u>95,357</u>	<u>98,964</u>

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.

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

24 Pension and other schemes (continued)

Scheme liabilities

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

	2021 £ 000	2020 £ 000
Present value at start of year	82,708	81,126
Past service cost	-	200
Actuarial losses	(2,841)	4,924
Interest cost	1,223	1,602
Benefits paid	(2,410)	(5,144)
Present value at end of year	78,680	82,708

A Past Service Cost of £200k was recognised as at 31 December 2020 to reflect the impact of GMP equalising past transfer values, following the judgement released on 20 November 2020.

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:

	2021 %	2020 %
Rate of increase in pension payments		
RPI max 5%	3.10	2.75
RPI min 3%, max 5%	3.75	3.65
RPI max 2.5%	2.05	1.85
Discount rate	1.90	1.50
Inflation (RPI)	3.30	2.85
Inflation (CPI)	2.70	2.25

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	19.8	19.8
Current UK pensioners at retirement age - female	22.9	22.8
Future UK pensioners at retirement age - male	20.4	20.4
Future UK pensioners at retirement age - female	23.7	23.6

Sensitivity analysis

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease by 0.1%	Decrease / increase by 2.0%
Inflation assumption	Increase / decrease by 0.1%	Decrease / increase by 1.7%
Post retirement mortality	Increase by 1 year	Increase by 3.6%

Bridon International Ltd.

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

24 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:

	2021 £000's	2020 £000's
Profit and loss		
Administrative expenses	-	(200)
Net interest income	242	192
	<u>242</u>	<u>(8)</u>
Other comprehensive (expense)/income		
Return on plan assets in excess of that recognised in net interest	(2,510)	11,814
Actuarial loss due to changes in financial assumptions	2,978	(9,711)
Actuarial gain on scheme liabilities arising from experience	(373)	4,735
Actuarial gain due to demographic assumption changes in DBO	236	52
	<u>331</u>	<u>6,890</u>
Total amount recognised in profit and loss and other comprehensive income	<u>573</u>	<u>6,882</u>

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

The immediate parent undertaking of the company is Bridon Holdings Limited, a company incorporated in England and Wales. This transferred from Bridon Limited on 22 April 2020. 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 2021 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.

26 Post balance sheet events

The company reached an agreement on 13 July 2022 to sell surplus freehold land at its site in Doncaster for £10m (exclusive of VAT). The completion date is estimated to be April 2023 and there has been no exchange of consideration to date. The disposal proceeds will be in excess of the book value of the land.