

COMPANY REGISTRATION NO. 00693397 (England and Wales)

F.C. BROWN (STEEL EQUIPMENT) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

F.C. BROWN (STEEL EQUIPMENT) LIMITED

COMPANY INFORMATION

Directors A C Brown OBE (Chairman)
P Ostrolenk
P A Crutcher
Mr D W Botterill
R Bayliss
J Redmond
R Costin

Secretary P R Ashdown

Company number 00693397

Registered office Caswell Way
Reevesland Industrial Estate
Newport
South Wales
United Kingdom
NP19 4PW

Auditor UHY Hacker Young
Lanyon House
Mission Court
Newport
South Wales
United Kingdom
NP20 2DW

F.C. BROWN (STEEL EQUIPMENT) LIMITED

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F.C. BROWN (STEEL EQUIPMENT) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2021

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

Review of business

Turnover decreased by 2.2% from £50.2m to £49.1m, which demonstrated stabilisation of the business following the 25.4% drop in turnover in the previous year. UK sales fell by 6.6% to £28.2m (2020: £30.2m) which was due to certain sectors of the market not trading at all through the COVID lockdown periods. International sales grew by 4.5% to £20.9m (2020: £20.0m) and was principally achieved from growth in the US and increased online sales.

Gross margins increased by 4.4% to 17.9% (2020: 13.5%) due to the restructuring of the business to address the impact of COVID 19, combined with no prolonged cessation of manufacturing as was experienced in the prior year in the early months of the pandemic.

Distribution costs reduced from 18.5% of turnover to 14.5% all due to the same reasons driving the improved gross margin.

Administration expenses have decreased significantly from £7.0m in the year ended 31 July 2020 to £2.1m. The primary reason for this is that 2020 includes £4.7m of exceptional costs, which was split between restructuring costs of £1.1m and providing for inter-company debts of £3.6m.

It is pleasing to report an operating profit of £0.1m against a loss of £7.3m in 2020. A fair value assessment on derivative financial instruments open at the year-end causes us to recognise a profit of £0.3m, and accordingly a net profit is reported before taxation of £0.5m, compared with a prior year loss of £7.3m.

We acknowledge the significant contribution of our entire workforce in what was a challenging turnaround year, and particularly their flexibility in adapting to the variable and complex requirements of the market, and the various changes that have taken place.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Principal risks and uncertainties

Demand risk

Although we remain focused to continue to support our customer base across the globe, we have seen, and we continue to see, a reduction in volume due to the various lockdown measures in the UK and across the globe. However, we believe we have seen a stabilised volume of manufacturing at a reduced level compared to previously, but with a lower overhead than before the pandemic. The impact on currency exchange remains a risk along with cost of global shipment and the ongoing increasing cost of raw materials.

To offset some of the reduction in volume, the company continues to diversify and invest in marketing and online marketing technology and through the various online retail partner outlets to promote its office and home office products. These initiatives are expected to continue to grow directly and indirectly.

Price risk

The company is exposed to the risk of commodity price volatility which has been significant in recent years. The abnormally high cost in Steel pricing remains an ongoing concern. The company remains vigilant and continues to consolidate its supply chain wherever possible to ensure the business is protected.

Current risk

The company's principal financial assets are bank balances and cash, due to the restructure and the focus on cash management the company is pleased with its current position. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made where there is evidence of a reduction in the recoverability of the cash flows. Where possible, and commercially practical to do so, the company insures its trade receivables. Average collection days for trade receivables in the year for UK customers was 72 days (2020: 70 days) and for overseas customers they averaged 50 days (2020: 68 days). The credit risk on liquid funds is spread and limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or have a significant UK Government shareholding.

Foreign exchange risk

The company's activities increasingly expose it to the financial risks of changes in foreign currency exchange rates. Where possible the company seeks to match purchases and sales in foreign currencies. When it is appropriate the company uses forward exchange contracts to reduce risk and protect it against adverse short term exchange movements.

Future developments

Although the financial year has been challenging due to market conditions and the new normal of people continuing to work from home, the company has seen many new opportunities for large projects that had previously been put on hold due to the pandemic. This increase in activity is not exclusive to the UK as the Group's subsidiaries are seeing growth in demand in this sector.

Although the general market demand for steel storage continues to decline, this has been largely offset by an increase in demand for wooden storage and wooden lockerwall units. From the start of the new financial year the business has, and continues to introduce many new products that are aligned to the changes in market conditions. This activity combined with the introduction of new technology and investment in new equipment will continue to design and innovate this industry. Two main strategies that will drive innovation will be the continued development of the New Product Development roadmap, following the recruitment of new roles focusing on creativity and design. This will demonstrate innovation in both steel and wooden products for both the home and the office sectors. Our CSR and environmental investment initiatives will continue to add value to our customers whilst achieving high standards of recycling and energy management.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

Going Concern

During the last 12 months, uncertainty due to the recent COVID-19 outbreak has been replaced by other challenges. These include unprecedentedly high steel costs, the impact of Brexit and inflation of material, freight, and labour costs. All of these have been considered as part of the company's adoption of the going concern basis. All appropriate measures have been put in place to reduce the impact on the company, and all the restructuring work carried out through the early months of the COVID 19 outbreak has put the business in a strong position to deal with these challenges.

The Board's latest forecasts are based on a scenario of a growth in revenue as the periods of lock-down imposed by the Government come to an end and the global economy begins to recover. The Board has factored in the restructuring work already done, a focus on rigorous cost control, the adoption of new purchasing strategies and the passing on of costs where possible. Under this scenario the company will have the resources to trade through this period.

The events arising as a result of high steel prices, Brexit and inflationary pressures has meant that there is a material uncertainty but based on the proactive measures taken against the downside indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Statement by the directors on performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The Board of directors of F.C. Brown (Steel Equipment) Limited consider, both individually and collectively, that they have acted in ways that they believe in good faith to be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and other matters set out in s172(1) of the Act) in the decisions they made during the year ended 31 July 2021.

We support diversity and inclusion within the workplace and recognise our colleagues as our most important and valuable asset, and aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and wellbeing of our colleagues are of the highest importance and ensuring these is one of our primary considerations in the way we do business.

Caring for our customers is fundamental to the success of our business and we endeavour to serve them to the very best of our ability, whether this is dealing with other businesses or directly with consumers through our Online operations. We are committed to ensuring that all the products we sell meet the latest industry standards and offer our customers both high quality and great value.

We also aim to act responsibly and fairly in our engagement with suppliers, regulators, bankers, insurers and stakeholders. All suppliers are paid in accordance with their agreed terms. We respond quickly and fully to queries from regulators, bankers, insurers and stakeholders, providing the last with monthly updates on our performance.

The business is committed to protecting and ensuring the health and wellbeing of the communities in which we operate, and that of the wider environment and society as a whole. We work with and support local and national charities and have done so for many years. We continue to work hard to reduce our impact on the environment by continuous improvement of our processes and procedures.

As the Board of Directors, our intention is always to behave responsibly and to ensure that the business operates in a responsible manner, adhering to high standards of business conduct and good governance. We recognise that the maintenance of our good reputation, founded on responsible behaviour, is fundamental to our continuing ability to achieve profitable growth for the benefit of all our stakeholders in the future.

By order of the board

P R Ashdown
Secretary

24 March 2022

F.C. BROWN (STEEL EQUIPMENT) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

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

Principal activities

The principal activity of the company continued to be that of the manufacture and distribution of office furniture.

Results and dividends

The results for the year are set out on page 9, a review of business is provided in the strategic report on page 1.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A C Brown OBE (Chairman)

P Ostrolenk

P A Crutcher

Mr D W Botterill

R Bayliss

H Owen (Resigned 5 September 2020)

J Redmond

D Appleby (Resigned 23 October 2020)

R Costin

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company recognises the importance of good communications and relations with all employees. Employees are regularly informed of the company's performance and are actively encouraged to discuss with management any matters which may be of concern to them. Suggestions from employees which may improve their working environment or the company's performance are welcomed.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Details of the company's plan in relation to employees share ownership are provided in note 25.

Auditor

The auditors, UHY Hacker Young, have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Energy and carbon report

Details around the company's energy and carbon usage are included in the parent company consolidated accounts.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

P R Ashdown
Secretary

24 March 2022

F.C. BROWN (STEEL EQUIPMENT) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF F.C. BROWN (STEEL EQUIPMENT) LIMITED

Opinion

We have audited the financial statements of F.C. Brown (Steel Equipment) Limited (the 'company') for the year ended 31 July 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2021 and of its profit 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 at least twelve 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.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

F.C. BROWN (STEEL EQUIPMENT) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF F.C. BROWN (STEEL EQUIPMENT) LIMITED

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 and the directors' report.

We have nothing to report in respect of the following matters where 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 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and ISO standards;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF F.C. BROWN (STEEL EQUIPMENT) LIMITED

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.

Mr John Griffiths (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

24 March 2022

Chartered Accountants
Statutory Auditor

Newport
South Wales
United Kingdom

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	2021 £'000	2020 £'000
Turnover	3	49,063	50,181
Cost of sales		(40,291)	(43,392)
Gross profit		8,772	6,789
Distribution costs		(7,138)	(9,275)
Administrative expenses (including exceptional items, see note 8)		(2,100)	(7,042)
Other operating income		575	2,250
Operating profit/(loss)	4	109	(7,278)
Interest receivable and similar income	9	54	16
Interest payable and similar expenses	10	(28)	-
Other gains and losses	11	334	(76)
Profit/(loss) before taxation		469	(7,338)
Tax on profit/(loss)	12	(114)	933
Profit/(loss) for the financial year		355	(6,405)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	2021	2020
	£'000	£'000
Profit/(loss) for the year	355	(6,405)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>355</u>	<u>(6,405)</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**BALANCE SHEET
AS AT 31 JULY 2021**

		2021	2020
	Notes	£'000	£'000
Fixed assets			
Tangible assets	14	19,704	21,166
Investments	15	1	1
		19,705	21,167
Current assets			
Stocks	18	4,272	4,315
Debtors	19	15,191	14,017
Cash at bank and in hand		7,827	5,430
		27,290	23,762
Creditors: amounts falling due within one year	20	(27,970)	(26,949)
Net current liabilities		(680)	(3,187)
Total assets less current liabilities		19,025	17,980
Creditors: amounts falling due after more than one year	21	(722)	-
Government grants	27	(85)	(117)
Net assets		18,218	17,863
Capital and reserves			
Called up share capital	26	100	100
Revaluation reserve		1,497	1,497
Profit and loss reserves		16,621	16,266
Total equity		18,218	17,863

The financial statements were approved by the board of directors and authorised for issue on 24 March 2022 and are signed on its behalf by:

R Costin
Director

Company Registration No. 00693397

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 August 2019		100	1,497	27,670	29,267
Year ended 31 July 2020:					
Loss and total comprehensive income for the year		-	-	(6,405)	(6,405)
Dividends	13	-	-	(5,000)	(5,000)
Credit to equity for equity settled share-based payments	25	-	-	1	1
Balance at 31 July 2020		100	1,497	16,266	17,863
Year ended 31 July 2021:					
Profit and total comprehensive income for the year		-	-	355	355
Balance at 31 July 2021		100	1,497	16,621	18,218

The revaluation reserve represents the cumulative effect of revaluations of freehold and leasehold land and buildings.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

Company information

F.C. Brown (Steel Equipment) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Caswell Way, Reevesland Industrial Estate, Newport, South Wales, United Kingdom, NP19 4PW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value.

The company took advantage of the transitional provisions in Section 35 of FRS 102 to use a previous GAAP revaluation of property as its deemed cost. The company had similarly used the transition provisions in FRS 15 Tangible Fixed Assets and retained the book amounts of freehold land and buildings where revalued prior to implementation of that standard. The properties in Newport, South Wales were last revalued at 31 July 1989 by Powell, Tuck & Partners, Chartered Surveyors and the valuations have not subsequently been updated.

The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group, Bisley Office Equipment Limited, prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bisley Office Equipment Limited. These consolidated financial statements are available from its registered office, Bisley Factory, Caswell Way, Reevesland Industrial Estate, Newport, South Wales, NP19 4PW.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

F.C. Brown (Steel Equipment) Limited is a wholly owned subsidiary of Bisley Office Equipment Limited and the results of F.C. Brown (Steel Equipment) Limited are included in the consolidated financial statements of Bisley Office Equipment Limited which are available from Bisley Factory, Caswell Way, Reevesland Industrial Estate, Newport, South Wales, NP19 4PW.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

(Continued)

1.2 Going concern

During the last 12 months, uncertainty due to the recent COVID-19 outbreak has been replaced by other challenges. These include unprecedentedly high steel costs, the impact of Brexit and inflation of material, freight, and labour costs. All of these have been considered as part of the company's adoption of the going concern basis. All appropriate measures have been put in place to reduce the impact on the company, and all the restructuring work carried out through the early months of the COVID 19 outbreak has put the business in a strong position to deal with these challenges.

The Board's latest forecasts are based on a scenario of a growth in revenue as the periods of lock-down imposed by the Government come to an end and the global economy begins to recover. The Board has factored in the restructuring work already done, a focus on rigorous cost control, the adoption of new purchasing strategies and the passing on of costs where possible. Under this scenario the company will have the resources to trade through this period.

The events arising as a result of high steel prices, Brexit and inflationary pressures has meant that there is a material uncertainty but based on the proactive measures taken against the downside indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The company took advantage of the transitional provisions in Section 35 of FRS 102 to use a previous GAAP revaluation of property as its deemed cost. The company had similarly used the transition provisions in FRS 15 Tangible Fixed Assets and retained the book amounts of freehold land and buildings where revalued prior to implementation of that standard. The properties in Newport, South Wales were last revalued at 31 July 1989 and the valuations have not subsequently been updated.

Subsequent additions are stated at cost. All repairs are written off as incurred. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement in reserves.

Tangible fixed assets other than freehold land and buildings are stated at cost less depreciation and provision for any impairment. Depreciation is not provided on freehold land or assets in the course of construction. On all other assets it is provided on cost or revalued sum less residual amount in equal instalments over the estimated useful lives of the assets. The estimated lives of the assets have been assessed as follows:

Freehold buildings	50 years
Leasehold improvements	Over life of lease
Plant, machinery and press tools	3 to 10 years
Motor vehicles	4 years

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

1 Accounting policies (Continued)

Fixtures, furniture & office equipment 3 to 10 years

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

1 Accounting policies

(Continued)

1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

The company operates a defined contribution pension scheme and a group personal pension scheme. The assets of these schemes are held separately from those of the company in independently administered funds. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

1 Accounting policies

(Continued)

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Profit And Loss for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred tax asset

Details of the asset are provided in note 23 to the accounts. The carrying value of the deferred tax asset at the year end is £2,590,000 (2020: £2,744,000). The critical judgement relates to the company's ability to utilise the asset arising from tax losses against future taxable profits. The board expects to be able to utilise the asset as the company continues to improve profitability after the pandemic, therefore the board is satisfied that it's judgement to recognise the asset remains appropriate.

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021****2 Judgements and key sources of estimation uncertainty****(Continued)****Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock valuation

At 31 July 2021 the company held stock of £4,272,000 (2020: £4,315,000). Stocks are valued at the lower cost and net realisable value. Cost includes the cost of materials, direct costs and production overheads using an appropriate absorption rate. This requires judgement. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment trends. This also involves significant judgement.

Carrying value of fixed assets

The company's fixed assets cost £84,538,000 (2020: £84,136,000) and had a carrying value of £19,704,000 (2020: £21,166,000) at 31 July 2021. The depreciation policy is set out at 1.6 above; depreciation of £2,221,000 (2020: £2,347,000) was charged to the profit and loss account during the year. The estimation of useful economic life can have a significant impact on the depreciation charge and on the carrying value of assets; the board regularly reviews the asset lives based on past experience.

Impairment of intercompany balances

The carrying value of receivables from group undertakings at the balance sheet date was £3,422,000 (2020: £4,531,000). Balances are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss account. The impairment loss is the difference between the asset's carrying amount and the best estimate of the recoverable amount at the reporting date. Impairment losses of £nil (2020: £3,599,000) were recognised in the year.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £'000	2020 £'000
Turnover analysed by class of business		
Sale of goods	49,063	50,181
	<u>49,063</u>	<u>50,181</u>
Turnover analysed by geographical market		
United Kingdom	28,177	30,214
Other European countries	14,717	14,504
Rest of the world	6,169	5,463
	<u>49,063</u>	<u>50,181</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

3 Turnover and other revenue **(Continued)**

	2021	2020
	£'000	£'000
Other significant revenue		
Interest income	54	16
Grants received	259	2,017
Amortisation of capital grants	31	31
Rental income	313	232
	=====	=====

Government grants have been received in the current and prior year from Welsh Government as part of the Furlough scheme.

4 Operating profit/(loss)

	2021	2020
	£'000	£'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	381	106
Government grants	(259)	(2,017)
Depreciation of owned tangible fixed assets	2,221	2,347
Profit on disposal of tangible fixed assets	(47)	(9)
(Profit)/loss on disposal of intangible assets	-	233
Share-based payments	-	1
Operating lease charges	440	492
Capital based grants	(31)	(31)
Exceptional items (see note 8)	217	4,687
	=====	=====

5 Auditor's remuneration

	2021	2020
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	41	41
	=====	=====

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Production	378	499
Sales and distribution	46	61
Administration	13	21
	=====	=====
Total	437	581
	=====	=====

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	14,259	17,831
Social security costs	1,181	1,348
Pension costs	530	641
	<u>15,970</u>	<u>19,820</u>

Included within the above are exceptional redundancy costs of £217,000 (2020: £1,088,000), refer to note 8.

Also included within wages and salaries are subcontractors costs totalling £1,251,000 (2020: £1,068,000).

The employment contracts for various directors of the company are with the holding company, Bisley Office Equipment Limited, and information regarding their remuneration is included in that company's accounts. A recharge from Bisley Office Equipment Limited to the company was made during the year totalling £1.139,000 (2020: £946,000) to reflect the cost of services provided by the directors. The total amount of the recharge is included in the aggregate employment costs set out above.

7 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	128	436
Company pension contributions to defined contribution schemes	12	42
	<u>140</u>	<u>478</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £'000	2020 £'000
Remuneration for qualifying services	n/a	130
Company pension contributions to defined contribution schemes	n/a	10

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

8 Exceptional costs/(income)

	2021	2020
	£'000	£'000
Restructuring costs	217	1,088
Impairment of inter-company debts	-	3,599
	<u>217</u>	<u>4,687</u>

During the year the company incurred redundancy costs of £217,000 (2020: £1,088,000) as part of its restructuring of operations & Covid-19 pandemic

During the year various inter-company debts were provided for totalling £nil (2020: £3,599,000).

9 Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest income		
Interest on bank deposits	54	16
	<u>54</u>	<u>16</u>

10 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest on bank overdrafts and loans	28	-
	<u>28</u>	<u>-</u>

11 Other gains and losses

	2021	2020
	£'000	£'000
Fair value losses on financial instruments		
Change in the value of financial liabilities held at fair value through profit or loss	334	(76)
	<u>334</u>	<u>(76)</u>

12 Taxation

	2021	2020
	£'000	£'000
Current tax		
Benefit arising from a previously unrecognised tax loss or credit	(40)	(47)
	<u>(40)</u>	<u>(47)</u>
Deferred tax		
Origination and reversal of timing differences	154	(886)
	<u>154</u>	<u>(886)</u>
Total tax charge/(credit)	<u>114</u>	<u>(933)</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021****12 Taxation****(Continued)**

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£'000	£'000
Profit/(loss) before taxation	469	(7,338)
	=====	=====
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	89	(1,394)
Tax effect of expenses that are not deductible in determining taxable profit	65	705
Effect of change in corporation tax rate	-	(219)
Research and development tax credit	(40)	(43)
Deferred tax adjustments in respect of prior years	-	18
	=====	=====
Taxation charge/(credit) for the year	114	(933)
	=====	=====

13 Dividends

	2021	2020
	£'000	£'000
Final paid	-	5,000
	=====	=====

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

14 Tangible fixed assets

	Land and buildings	Assets under construction	Plant, machinery, press tools & motor	Fixtures, furniture & office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2020	21,421	100	53,702	8,913	84,136
Additions	35	725	30	2	792
Disposals	-	-	(389)	(1)	(390)
Transfers	-	(538)	538	-	-
	<u>21,456</u>	<u>287</u>	<u>53,881</u>	<u>8,914</u>	<u>84,538</u>
At 31 July 2021	21,456	287	53,881	8,914	84,538
Depreciation and impairment					
At 1 August 2020	8,050	-	47,843	7,077	62,970
Depreciation charged in the year	453	-	1,304	464	2,221
Eliminated in respect of disposals	-	-	(357)	-	(357)
	<u>8,503</u>	<u>-</u>	<u>48,790</u>	<u>7,541</u>	<u>64,834</u>
At 31 July 2021	8,503	-	48,790	7,541	64,834
Carrying amount					
At 31 July 2021	<u>12,953</u>	<u>287</u>	<u>5,091</u>	<u>1,373</u>	<u>19,704</u>
At 31 July 2020	<u>13,371</u>	<u>100</u>	<u>5,859</u>	<u>1,836</u>	<u>21,166</u>

The carrying value of land and buildings comprises:

	2021 £'000	2020 £'000
Freehold	12,711	13,080
Short leasehold	242	291
	<u>12,953</u>	<u>13,371</u>

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021****14 Tangible fixed assets****(Continued)**

The company took advantage of the transitional provisions in Section 35 of FRS 102 to use a previous GAAP revaluation of property as its deemed cost. The company had similarly used the transition provisions in FRS 15 Tangible Fixed Assets and retained the book amounts of freehold land and buildings where revalued prior to implementation of that standard. The properties in Newport, South Wales were last revalued at 31 July 1989 by Powell, Tuck & Partners, Chartered Surveyors and the valuations have not subsequently been updated.

Comparable amounts for land and buildings determined according to historical cost convention at 31 July are:

	2021 £'000	2020 £'000
Cost	19,959	19,924
Accumulated depreciation	(8,503)	(8,050)
Carrying value	<u>11,456</u>	<u>11,874</u>

15 Fixed asset investments

	Notes	2021 £'000	2020 £'000
Investments in subsidiaries	16	<u>1</u>	<u>1</u>

16 Subsidiaries

Details of the company's subsidiaries at 31 July 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
Bisley Direct Limited	Dormant	Ordinary	100.00
Bisley Industrial Storage Limited	Sale and distribution of industrial storage products	Ordinary	100.00
Network Commercial Systems Ltd	Manufacture and installation of wooden tailor made furniture	Ordinary	100.00

The registered office for all of the above subsidiary companies is Bisley Factory, Caswell Way, Reevesland Industrial Estate, Newport NP19 4PW.

The ultimate controlling party of these investments is Bisley Office Equipment Limited.

17 Financial instruments

	2021 £'000	2020 £'000
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	<u>36</u>	<u>369</u>

F.C. BROWN (STEEL EQUIPMENT) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021****17 Financial instruments****(Continued)**

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

As set out in note 1.1 above, the company has elected to apply the reduced disclosure framework where available, the disclosure above therefore relates only to the required disclosures regarding financial instruments measured at fair value through the profit or loss of other comprehensive income. Full disclosure of financial instruments is provided in the consolidated accounts of Bisley Office Equipment Limited.

18 Stocks

	2021	2020
	£'000	£'000
Raw materials and consumables	1,818	1,803
Work in progress	1,202	1,011
Finished goods and goods for resale	1,252	1,501
	<u>4,272</u>	<u>4,315</u>

The directors do not consider the replacement cost of stock to be materially different from the value stated above.

19 Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	7,831	5,344
Amounts owed by group undertakings	3,422	4,531
Other debtors	959	1,031
Prepayments and accrued income	389	367
	<u>12,601</u>	<u>11,273</u>
Deferred tax asset (note 23)	2,590	2,744
	<u>15,191</u>	<u>14,017</u>

During the year an impairment of £nil (2020: £3,599,000) was made against inter-company debts, refer to note 8.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

20 Creditors: amounts falling due within one year

	Notes	2021 £'000	2020 £'000
Bank loans	22	667	-
Trade creditors		6,184	4,631
Amounts owed to group undertakings		16,476	15,808
Taxation and social security		459	1,407
Derivative financial instruments		36	369
Other creditors		2,491	2,170
Accruals and deferred income		1,657	2,564
		<u>27,970</u>	<u>26,949</u>

21 Creditors: amounts falling due after more than one year

	Notes	2021 £'000	2020 £'000
Bank loans and overdrafts	22	722	-
		<u>722</u>	<u>-</u>

22 Loans and overdrafts

	2021 £'000	2020 £'000
Bank loans	1,389	-
	<u>1,389</u>	<u>-</u>
Payable within one year	667	-
Payable after one year	722	-
	<u>1,389</u>	<u>-</u>

Bank overdrafts are secured by a fixed and floating charge on the assets of the Company and also by a cross guarantee with GU249BJ Limited, a sister subsidiary.

The Royal Bank of Scotland Group PLC holds security in the form of a third party unlimited guarantee dated 17/10/2013, a legal charge over New Venture Building, Reevesland Industrial Estate, Newport NP19 4PW dated 31/05/2012 and a debenture over all assets of the company dated 22/05/2012.

The company took out a Coronavirus Large Business Interruption Loan ("CLBIL") of £2,000,000 during the year. The loan is repayable in monthly instalments over 3 years; interest is charged initially at 1.72% p.a. over base rate, increasing to 2.22% p.a. over base rate after 12 months.

The CLBIL is secured by a freehold 1st legal charge over the property New Venture Building, Reevesland Industrial Estate, Newport, Gwent and its associated assets, a debenture and a guarantee for £6,000,000 granted by the parent company Bisley Office Equipment Limited and supported by a debenture.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

23 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets	Assets
	2021	2020
Balances:	£'000	£'000
Accelerated capital allowances	482	471
Tax losses	1,888	1,956
Retirement benefit obligations	136	132
Other short term timing differences	84	185
	<u>2,590</u>	<u>2,744</u>

Movements in the year:	2021
	£'000
Asset at 1 August 2020	(2,744)
Charge to profit or loss	154
	<u>(2,590)</u>
Asset at 31 July 2021	<u>(2,590)</u>

24 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	530	641
	<u>530</u>	<u>641</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end there were outstanding contributions of £715,000 (2020: £694,000).

25 Share-based payment transactions

26 Share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£'000	£'000
Issued and fully paid				
ordinary shares of £1 each	100,000	100,000	100	100
	<u>100,000</u>	<u>100,000</u>	<u>100</u>	<u>100</u>

The company has one class of ordinary shares which carry full voting, dividend and return of capital rights.

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

27 Government grants

	2021	2020
	£'000	£'000
Deferred government grants	85	117
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

	2021	2020
	£'000	£'000
Shown as deferred income on the face of the balance sheet	85	117
	<u> </u>	<u> </u>

In accordance with the accounting policy disclosed in note 1, amounts received by way of capital-based government grants during the year and the deferred income balance carried forward at 31 July are as follows:

	2021	2020
	£'000	£'000
At 1 August	117	148
Amounts received in the year	-	-
Less amounts credit to the profit and loss account	(32)	(31)
	<u> </u>	<u> </u>
At 31 July	85	117
	<u> </u>	<u> </u>

28 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£'000	£'000
Within one year	410	548
Between two and five years	1,532	1,512
In over five years	513	875
	<u> </u>	<u> </u>
	2,455	2,935
	<u> </u>	<u> </u>

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£'000	£'000
Acquisition of tangible fixed assets	229	428
	<u> </u>	<u> </u>

30 Related party transactions

F.C. BROWN (STEEL EQUIPMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

30 Related party transactions

(Continued)

In accordance with FRS 102 section 33.1A, transactions with other group undertakings wholly owned within the Bisley Office Equipment Limited group have not been disclosed in the financial statements.

During the year an impairment of £nil (2020: £3,598,939) was made against inter-company debts, refer to note 8.

The company has a loan account with Bisley Two Limited, a company within the Bisley Office Equipment Limited group but wholly owned within the group. At the year end there was a balance of £27,678 owed by the company to Bisley Two Limited (2020: £11,184 owed to the company), this amount being included within intercompany creditors due within one year (2020: intercompany debtors due within one year).

31 Ultimate controlling party

The immediate and ultimate parent company is Bisley Office Equipment Limited, a company incorporated in England and Wales. Bisley Office Equipment Limited is the parent of the smallest and largest group of which the company is a member and for which consolidated accounts are prepared. Copies of the Bisley Office Equipment Limited accounts can be obtained from Companies House, Cardiff, CF14 3UZ.

The ultimate controlling party is A C Brown.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.