# Briggs of Burton Plc

## Annual report and financial statements
for the nine month period ended 31 December 2016

Registered number: 02077847

# Briggs of Burton Plc

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# Strategic report
# for the nine month period ended 31December 2016

The directors present their strategic report for the company and its subsidiary companies (together the "group") for the nine months ended 31 December 2016.

**Principal activities**

The principal activity of the group and the company continues to be the manufacture and sale of equipment for the brewing, beverage, food, pharmaceutical and bio fuel industries, together with project management services to the same market and the sale of process control systems.

**Results, business review and future developments**

In June 2016, Briggs Group Limited which was the company's former ultimate parent undertaking, was acquired by CIMC Enric Tank and Process B.V (CETP). As a result, to align to CETP's year end, the reporting period has been reduced to nine months. The consolidated profit for the nine months is £2,048,000 (12 months to March 2016: £3,631,000).

As evidenced by the reduced sales revenue, there has been a shift between 'consultancy' and 'turn-key' (i.e. contracts which include an element of manufacturing) in the period when compared to the prior year. However; as indicated in past reports, the top line figure is not a definitive guide to activity levels within the business. Revenue for the nine month period was £12,701,000 (12 months to March 2016: £24,084,000)

Administration costs were impacted by relatively higher salaries, and the deterioration of the pound against the US dollar, which adversely impacting the US subsidiary costs on consolidating into the group.

Operating profits as a percentage of sales for the period increased to 21%(12 months to March 2016: 18%), with profits at £2,684,000 (12 months to March 2016:£4,262,000).

The group continues to generate sufficient cash to satisfy its working capital requirements and to build adequate reserves to undertake future projects.

The group's net current asset position deteriorated over the period as a result of dividend distributions made to the ultimate parent entity (£9,000,000) and the shift to increased consultancy over turn-key projects, which impacted the level of stock and creditors, both of which significantly reduced over the period.

The group's current order book is satisfactory and the directors are confident that profitability will be in line with the budget set for the forthcoming year. The directors see no reason to suppose that the group's cash position will not continue to strengthen over the forthcoming financial year.

**Key performance indicators**

The key performance indicators utilised by the directors in assessing the financial position and performance of the group is revenue growth, operating profit margin and net assets, all of which are disclosed above.

## Briggs of Burton Plc

# Strategic report
# for the nine month period ended 31 December 2016 (continued)

**Principal risks and uncertainties**

The key business risks affecting the group are the ability to identify and win at least one large project each year, to retain and recruit sufficiently skilled engineering employees and our ability to manage foreign currency exposures. Regular monitoring and reporting of these risks is made to the board of directors in order for them to appropriately identify any areas for further consideration and to take mitigating action where required.

**Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and foreign currency risk. The directors actively manage these risks by monitoring levels of risk and the related costs.

The directors are aware of the heightened currency exposure posed by the current economic environment and the need to ensure mitigating measures are in place. This is done by the placing of forward contracts to cover significant currency risks. The directors continue to monitor members of the management team to ensure the elevated risk environment on both purchase and supply contracts continues to be effectively managed.

The group has implemented policies to review customer debt and carry out appropriate credit checks on potential customers before sales are made.

The group generally maintains cash balances together with available overdraft facilities that are designed to ensure the group has sufficient available funds for its operations and its required level of working capital.

By order of the board

Nathan Beddoe
**Company Secretary**
23 June 2017

# Directors' report
# for the nine month period ended 31 December 2016

The directors present their report and the audited group and company financial statements for the nine month period ended 31 December 2016. The company's registered number is 02077847.

### Financial risk management and future prospects

These are disclosed within the strategic report on pages 1 and 2.

### Dividends

There were three declared and paid dividends totalling £9,000,000 within the period, equating to a total distribution of £63.20 per share (12 months to March 2016: £nil).

### Directors and indemnity provisions

The directors of the company who held office during the period and up to the date of signing the financial statements were:

| | |
|---|---|
| F Emery | (Resigned: 3 June 2016) |
| IK McFarlane | (Resigned: 30 November 2016) |
| JA Stitchman | (Resigned: 30 November 2016) |
| GCG Cure | (Resigned: 2 June 2017) |
| RJ Buxton | |
| AG Wagstaff | (Appointed: 30 November 2016) |
| GM Crombie | (Appointed: 30 November 2016) |

A qualifying third party indemnity provision is in place for the directors of the company. This covers liability for the actions of directors and officers of the company and associated costs including legal costs.

### Employees

The group's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on 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 group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

### Research and development

The group continues to invest in and develop new engineering solutions. The cost of this is recognised in the profit and loss account as incurred and largely consists of staff costs and related support costs relating to product development and engineering research.

# Directors' report
# for the nine month period ended 31 December 2016 (continued)

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial 9 month period. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

**Independent auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the board

Nathan Beddoe
**Company Secretary**
23 June 2017

# Independent auditors' report to the members of Briggs of Burton Plc

## Report on the financial statements

### Our opinion

In our opinion, Briggs of Burton plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's profit for the 9 month period (the "period") 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.

### What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 December 2016;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the period then ended;
- the consolidated and company statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## Opinion 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

# Independent auditors' report to the members of Briggs of Burton Plc (continued)

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
23 June 2017

## Briggs of Burton Plc

## Consolidated profit and loss account for the nine month period ended 31 December 2016

| | Note | 9 month period ended 31 December 2016 £'000 | Year ended 31 March 2016 £'000 |
|---|---|---|---|
| **Turnover** | 3 | **12,701** | 24,084 |
| Cost of Sales | | **(6,984)** | (16,496) |
| **Gross Profit** | | **5,717** | 7,588 |
| Net operating expenses | 4 | **(3,033)** | (3,326) |
| **Operating profit** | | **2,684** | 4,262 |
| Bank interest receivable | | **29** | 43 |
| **Profit on ordinary activities before taxation** | 5 | **2,713** | 4,305 |
| Tax on profit on ordinary activities | 7 | **(665)** | (674) |
| **Profit for the financial period / year** | | **2,048** | 3,631 |

All activities are in respect of continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period / year stated above and their historical cost equivalents.

## Consolidated statement of comprehensive income for the nine month period ended 31 December 2016

| | 9 month period ended 31 December 2016 £'000 | Year ended 31 March 2016 £'000 |
|---|---|---|
| **Profit for the financial period / year** | **2,048** | 3,631 |
| Currency translation differences | **192** | - |
| **Total comprehensive income** | **2,240** | 3,631 |

## Briggs of Burton Plc

# Consolidated statement of changes in equity for the nine month period ended 31 December 2016

| | Called Up Share Capital | Capital Redemption Reserve | Share Premium Account | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 1 April 2015 | 14 | 100 | 128 | 5,575 | 5,817 |
| Credit related to equity settled share based payments | - | - | - | 36 | 36 |
| Profit for the year and total comprehensive income for the year | - | - | - | 3,631 | 3,631 |
| **As at 31 March 2016** | **14** | **100** | **128** | **9,242** | **9,484** |
| Profit for the nine month period | - | - | - | 2,048 | 2,048 |
| Other comprehensive income | - | - | - | 192 | 192 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **2,240** | **2,240** |
| Dividends (note 14) | - | - | - | (9,000) | (9,000) |
| Credit related to equity settled share based payments | - | - | - | 9 | 9 |
| **Total transactions with owners, recognised directly in equity** | **-** | **-** | **-** | **(8,991)** | **(8,991)** |
| **As at 31 December 2016** | **14** | **100** | **128** | **2,491** | **2,733** |

## Briggs of Burton Plc

## Company statement of changes in equity for the nine month period ended 31 December 2016

| | Called Up Share Capital | Capital Redemption Reserve | Share Premium Account | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| As at 1 April 2015 | 14 | 100 | 128 | 4,922 | 5,164 |
| Credit related to equity settled share based payments | - | - | - | 36 | 36 |
| Profit for the year and total comprehensive income for the year | - | - | - | 3,518 | 3,518 |
| **As at 31 March 2016** | **14** | **100** | **128** | **8,476** | **8,718** |
| **Profit for the nine month period and total comprehensive income for the period** | - | - | - | **2,298** | **2,298** |
| Dividends (note 14) | - | - | - | (9,000) | (9,000) |
| Credit related to equity settled share based payments | - | - | - | 9 | 9 |
| **Total transactions with owners, recognised directly in equity** | - | - | - | **(8,991)** | **(8,991)** |
| **As at 31 December 2016** | **14** | **100** | **128** | **1,783** | **2,025** |

## Briggs of Burton Plc

# Consolidated balance sheet as at 31 December 2016

| | Note | 31 December 2016 £'000 | 31 March 2016 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible fixed assets | 8 | **461** | 581 |
| **Current assets** | | | |
| Stocks | 10 | **446** | 738 |
| Debtors | 11 | **4,395** | 4,724 |
| Cash at bank and in hand | | **3,104** | 9,919 |
| | | **7,945** | 15,381 |
| **Creditors: amount falling due within one year** | 12 | **(5,631)** | (6,461) |
| **Net current assets** | | **2,314** | 8,920 |
| Total assets less current liabilities | | **2,775** | 9,501 |
| Provisions for liabilities | 13 | **(42)** | (17) |
| **Net assets** | | **2,733** | 9,484 |
| **Capital and reserves** | | | |
| Called up share capital | 14 | **14** | 14 |
| Share premium account | | **128** | 128 |
| Capital redemption reserve | | **100** | 100 |
| Retained earnings | | **2,491** | 9,242 |
| **Total equity** | | **2,733** | 9,484 |

The financial statements on pages 7 to 27 were approved by the board of directors on 23rd June 2017 and were signed on its behalf by:

R Buxton
**Director**

## Briggs of Burton Plc

## Company balance sheet as at 31 December 2016

| | Note | 31 December 2016 £'000 | 31 March 2016 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible fixed assets | 8 | **421** | 536 |
| Fixed asset investments | 9 | **-** | 350 |
| | | **421** | 886 |
| **Current assets** | | | |
| Stocks | 10 | **412** | 726 |
| Debtors | 11 | **4,309** | 3,953 |
| Cash at bank and in hand | | **2,381** | 9,577 |
| | | **7,102** | 14,256 |
| **Creditors: amount falling due within one year** | 12 | **(5,456)** | (6,407) |
| **Net current assets** | | **1,646** | 7,849 |
| Total assets less current liabilities | | **2,067** | 8735 |
| Provisions for liabilities | 13 | **(42)** | (17) |
| **Net assets** | | **2,025** | 8,718 |
| **Capital and reserves** | | | |
| Called up share capital | 14 | **14** | 14 |
| Share premium account | | **128** | 128 |
| Capital redemption reserve | | **100** | 100 |
| Retained earnings | | **1,783** | 8,476 |
| **Total equity** | | **2,025** | 8,718 |

As permitted by section 408 of the Companies Act 2006, the company's profit and loss account has not been included in these financial statements. The profit after taxation, dealt with in the financial statements of the company is £2,298,000 (12 months to March 2016: £3,518,000).

The financial statements on pages 7 to 27 were approved by the board of directors on 23rd June 2017 and were signed on its behalf by:

R Buxton
**Director**

# Notes to the financial statements for the nine month period ended 31 December 2016

## 1 Summary of significant accounting policies and general information

Briggs of Burton plc (the "company") and its subsidiaries (together "the group") manufacture and sell equipment for the brewing, beverage, food, pharmaceutical and bio fuel industries, together with providing project management services to the same market and the sale of process control systems. Briggs of Burton plc is a public company incorporated in England. The address of its registered office is Briggs House, Derby Street, Burton on Trent, DE14 2LH.

**Statement of compliance**

The consolidated and individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

**Basis of preparation**

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

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

**Going concern**

The group and company meet their day-to-day working capital requirements through their available cash reserves and banking facilities. The current economic conditions continue to create uncertainty over the level of demand for the group's and company's products. The group's and company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group and company should be able to operate within the level of its currently available cash reserves and banking facilities. After making enquiries, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The group and company therefore continue to adopt the going concern basis on preparing its financial statements.

**Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

- From preparing a statement of cash flows;
- From providing financial instrument disclosures contained within FRS 102 paragraphs 11.39 – 11.48A and 12.26 – 12.29);and
- From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

## 1 Summary of significant accounting policies and general information (continued)

**Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings for the nine month period ended 31 December 2016. The results and financial position of subsidiaries which do not have sterling as their functional currency are translated into sterling at the average rate for the year ( profit and loss account) and the closing exchange rate ( balance sheet). Differences arising on the retranslation of these subsidiaries are accounted for through the statement of comprehensive income and are shown as currency translation differences.

Intra-group sales and profits are eliminated fully on consolidation. Uniform accounting policies have been applied across the group.

**Fixed asset investments**

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

**Tangible fixed assets**

Tangible fixed assets are stated in the balance sheet at their historic purchase cost less accumulated depreciation. Cost comprises direct expenditure and, in the case of internally constructed assets, attributable overheads. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over their expected useful economic lives as follows:

| | |
|---|---|
| Leasehold improvements: | the shorter of the useful economic life or the remainder of the lease period |
| Plant and machinery: | 3 – 10 years |
| Fixtures and fittings: | 4 – 10 years |

Impairment charges are recorded when the amount of any fixed asset is not considered recoverable in either existing use or from a sale of the asset.

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

**Revenue recognition**

Turnover is all attributable to the group's principal activity and relates to a single class of business and is stated net of value added tax or discounts offered to customers.

Turnover is recognised based upon the stage of completion for long term contracts or as services are provided, where the contract relates to the provision of services.

Where contracts include retentions, payable to the group upon completion of certain events or the passage of time, an estimate of the likely amounts receivable is made and the amounts due to the group are included within turnover and trade debtors (where invoiced) or amounts recoverable under contracts (where they are yet to be invoiced).

Profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Revenue arising from variations on contracts is recognised only when there is a reasonable certainty that the claim will be accepted by the customer.

Variations to contracts are only recognised within revenue when the additional billings are agreed variations with the customer.

## 1 Summary of significant accounting policies and general information (continued)

### Stocks, work in progress and long term contracts

Stocks are valued at the lower of cost and net realisable value. Stocks are valued on a first in, first out basis and are net of provisions for slow moving items. Work in progress is valued at cost less foreseeable losses and amounts already taken to the profit and loss account. Cost represents direct materials, labour costs and attributable overheads.

Amounts received from customers and not recognised within turnover are included in payments received on account within current liabilities. Where turnover recognised is in excess of payments received on account the difference is included within amounts recoverable on contracts. Provisions for loss making contracts are made as soon as they are identified.

### Share based payments

The group operates a share based compensation scheme. The company has granted share options to certain employees of the group, accounted for as equity-settled share based payments. Options granted to employees have been valued at the date of issue/grant using the Black Scholes model. The difference between the price paid and the fair value of these options, determined at the date of issue/grant, is expensed on a straight-line basis over the vesting period based on the group's estimate of when the share options will eventually vest with a corresponding entry made to reserves. Due to the size of the share based payment charge no further disclosure is given as this is immaterial to the financial performance and position of the company and group.

### Foreign currencies

The Group financial statements are presented in pound sterling and rounded to thousands. The company's functional currency and presentation currency is pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions. At each period end foreign currency monetary assets and liabilities are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transactions and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

### Research and development

As part of its principal activity the group performs research and development in order to provide engineering solutions to its customers. The costs associated with this are expensed as incurred, unless they relate to the delivery of a specific customer contract, where they are then included within the costs associated with that contract and included within work in progress, to the extent that these costs are recoverable from future turnover.

### Pension costs

The group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

## 1 Summary of significant accounting policies and general information (continued)

**Taxation**

The tax payable is based on the taxable profit for the period / year. Taxable profit differs from the profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it also excludes items which are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on enacted or substantially enacted taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the corporation tax and deferred tax provisions in the period in which such determination is made.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Financial instruments**

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

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

Basic financial liabilities, including trade and other payables, loans from fellow group companies and overdrafts are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future payments discounted at a market rate of interest, then held at amortised cost.

The group does not apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. The group utilises forward exchange contracts to mitigate the risk of adverse exchange rate movements on foreign currency denominated inventory purchases. These financial instruments are measured at the fair market value, at the balance sheet date, with the gain or loss arising being recognised within the profit and loss account. The relating asset or liability is included within other debtors or other creditors.

## 2 Critical accounting judgements and estimation uncertainty

**Revenue and profit recognition on contracts**

The group and company measures the revenues and profits to be recorded on each customer contract by reference to the stage of completion on the contract compared to the latest estimation of total costs to complete and total revenues to be received from the contract. These estimates also include the potential for any warranty, retention or other such claims that could reasonably be made against the group and company based upon the information available to management and the board of directors and discussions with customers.

Any material changes either to the revenues expected, the costs expected to be incurred in order to complete the contract or the outcome of any discussions on warranties, retentions or other such claims could have an impact on the profits recorded during the current or preceding financial years. These impacts could be both favourable and unfavourable.

The board of directors and management have reviewed the stage of completion and expected total costs and revenues for each contract (including the likelihood of warranty, retention or other such claims) as at the balance sheet date and also prior to signing these financial statements and they believe that the amounts recorded within these financial statements reflect their best estimate of the likely outcomes on each contract.

**Taxation**

The company undertakes research and development activities for which additional deductions are available, as long as certain criteria are met, in relation to the company's tax liabilities. These additional deductions are claimed through the taxation returns which are completed after the financial statements have been approved. Therefore, at the time that these financial statements are approved, an estimate is made of this additional deduction. The size of this deduction could result in the final tax payable for the period/year being higher or lower than is estimated within these financial statements. Where there is an increased level of uncertainty, the additional deduction is only recognised once it is agreed by the tax authorities.

## 3 Turnover

Turnover relates to the group's sole class of business, its principal activity, and the analysis of the group's turnover by destination and origin is set out below:

| | **9 month period ended 31 December 2016** | | Year ended 31 March 2016 | |
|---|---|---|---|---|
| | **Sales by destination** | **Sales by origin** | Sales by destination | Sales by origin |
| **Geographical segment** | **£'000** | **£'000** | £'000 | £'000 |
| United Kingdom | **5,912** | **11,385** | 16,498 | 16,498 |
| Other | **11,261** | **5,788** | 10,989 | 10,989 |
| | **17,173** | **17,173** | 27,487 | 27,487 |
| Intra group eliminations | **(4,472)** | **(4,472)** | (3,403) | (3,403) |
| | **12,701** | **12,701** | 24,084 | 24,084 |

## Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

### 4 Net operating expenses

| | 9 month period ended 31 December 2016 | Year ended 31 March 2016 |
|---|---|---|
| | £'000 | £'000 |
| Selling and distribution costs | (1,010) | (1,009) |
| Administrative expenses | (2,023) | (2,317) |
| **Net operating expenses** | (3,033) | (3,326) |

### 5 Profit on ordinary activities before taxation

| | 9 month period ended 31 December 2016 | Year ended 31 March 2016 |
|---|---|---|
| | £'000 | £'000 |
| **Profit on ordinary activities before taxation is stated after charging / (crediting) :** | | |
| Wages and salaries | 4,131 | 5,280 |
| Share-based payments | 9 | 36 |
| Social security costs | 444 | 570 |
| Other pension costs | 185 | 348 |
| **Total employment costs** | 4,769 | 6,234 |
| Net movement in WIP | (124) | 54 |
| **Staff costs charged to profit and loss account** | 4,645 | 6,288 |
| Stocks included within cost of sales | 3,699 | 15,436 |
| Depreciation of tangible fixed assets | 178 | 232 |
| Auditors' remuneration: | | |
| Fees payable to the auditors for the audit of the company and the consolidated financial statements | 42 | 40 |
| Non audit services - tax advisory and compliance services | 22 | 22 |
| Operating leases – land and buildings | 87 | 128 |

# Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

## 6 Employee costs

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

| | Group | | Company | |
|---|---|---|---|---|
| | ***9 month period* ended 31 December 2016** | Year ended 31 March 2016 | ***9 month period* ended 31 December 2016** | Year ended 31 March 2016 |
| | **Number** | Number | **Number** | Number |
| Administrative | **29** | 27 | **27** | 27 |
| Engineering and manufacturing | **104** | 106 | **99** | 100 |
| **Total** | **133** | 133 | **126** | 127 |

The compensation paid or payable to directors is shown below:

| | **9 month period ended 31 December 2016** | Year ended 31 March 2016 |
|---|---|---|
| **Directors' emoluments** | **£'000** | £'000 |
| Aggregate emoluments, including benefits in kind | **338** | 455 |
| Share based payment charge | **9** | 36 |
| Pension contributions | **13** | 92 |
| | **360** | 583 |

Pension contributions were being made to a defined contribution scheme in respect of 3 directors (March 2016: 3).

| | **9 month period ended 31 December 2016** | Year ended 31 March 2016 |
|---|---|---|
| **Highest paid director:** | **£'000** | £'000 |
| Aggregate emoluments including benefits in kind | **109** | 152 |
| Pension contributions | **-** | 33 |

## Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

### 6 Employee costs (continued)

The employee costs for the company were as follows:

| | 9 month period ended 31 December 2016 £'000 | Year ended 31 March 2016 £'000 |
|---|---|---|
| Wages and salaries | **3,795** | 4,999 |
| Share-based payments | **9** | 36 |
| Social security costs | **386** | 522 |
| Other pension costs | **185** | 348 |
| **Total employment costs** | **4,375** | 5,905 |
| Net movement in WIP | **(124)** | 54 |
| **Staff costs charged to profit and loss account** | **4,251** | 5,959 |

### 7 Tax on profit on ordinary activities

| | 9 month period ended 31 December 2016 £'000 | Year ended 31 March 2016 £'000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profit for the financial period / year | 414 | 341 |
| Overseas corporation tax | 135 | 342 |
| Adjustments in respect of prior periods | 91 | - |
| **Total current tax charge** | **640** | 683 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 26 | (9) |
| Adjustments in respect of prior periods | (1) | - |
| **Total deferred tax charge / (credit)** | **25** | (9) |
| **Tax charge on profit on ordinary activities** | **665** | 674 |

# Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

## 7 Tax on profit on ordinary activities continued)

**Factors affecting the tax charge for the current period**

The tax charge for the financial period / year differs from the relevant standard rate of corporation in the UK of 20% (March 2016: 20%). The differences are explained below:

| | 9 month period ended 31 December 2016 £'000 | Year ended 31 March 2016 £'000 |
|---|---|---|
| **Profit on ordinary activities before tax** | **2,713** | 4,305 |
| Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20% ( March 2016: 20%) | **543** | 861 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **4** | 34 |
| Benefit of research and development tax credits | **(23)** | (384) |
| Higher tax rates on overseas earnings | **51** | 163 |
| Adjustments to tax charge in respect of previous periods | **90** | - |
| **Total tax charge** | **665** | 674 |

**Future tax rates**

From 1 April 2017 the corporation tax rate in the UK will reduce from 20% to 19% and reduce further to 17% from 1 April 2020. The taxation for the period / year has therefore been calculated based upon the effective rate of 20% (March 2016: 20%). Deferred taxation balances have been calculated utilising the expected prevailing rate when the timing differences are expected to reverse.

# Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

## 8 Tangible fixed assets

| Group | Leasehold improvements £'000 | Plant and machinery £'000 | Fixtures and fittings £'000 | Total £'000 |
|---|---|---|---|---|
| At 31 March 2016 | | | | |
| Cost | 719 | 2,159 | 383 | 3,261 |
| Accumulated depreciation and impairment | (524) | (1,789) | (367) | (2,680) |
| Net book amount | 195 | 370 | 16 | 581 |
| **Period ended 31 December 2016** | | | | |
| Opening net book amount | 195 | 370 | 16 | 581 |
| Additions | - | 47 | 1 | 48 |
| Charge for the period | (89) | (87) | (2) | (178) |
| Transfers | (9) | 15 | (6) | - |
| Foreign Exchange translation adjustment | 2 | 8 | - | 10 |
| **Closing net book amount** | **99** | **353** | **9** | **461** |
| **At 31 December 2016** | | | | |
| Cost | 721 | 753 | 22 | 1,496 |
| Accumulated depreciation and impairment | (622) | (400) | (13) | (1,035) |
| **Closing net book amount** | **99** | **353** | **9** | **461** |

## Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

### 8 Tangible fixed assets (continued)

| Company | Leasehold improvements £'000 | Plant and machinery £'000 | Fixtures and fittings £'000 | Total £'000 |
|---|---|---|---|---|
| At 31 March 2016 | | | | |
| Cost | 707 | 1,800 | 149 | 2,656 |
| Accumulated depreciation and impairment | (522) | (1,466) | (132) | (2,120) |
| Net book amount | 185 | 334 | 17 | 536 |
| **Period ended 31 December 2016** | | | | |
| Opening net book amount | 185 | 334 | 17 | 536 |
| Additions | - | 47 | 1 | 48 |
| Charge for the period | (84) | (79) | - | (163) |
| Transfers | (9) | 18 | (9) | - |
| **Closing net book amount** | **92** | **320** | **9** | **421** |
| **At 31 December 2016** | | | | |
| Cost | 708 | 666 | 22 | 1,396 |
| Accumulated depreciation and impairment | (616) | (346) | (13) | (975) |
| **Closing net book amount** | **92** | **320** | **9** | **421** |

# Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

## 9 Fixed asset investments

| Company | £'000 |
|---|---|
| **Cost** | |
| At 1 April 2016 | 373 |
| Liquidation of dormant companies | (350) |
| **As at 31 December 2016** | **23** |
| **Impairment** | |
| **At 1 April 2016 and 31 December 2016** | **(23)** |
| **Net book value at 31 December 2016** | **-** |
| Net book value at 31 March 2016 | 350 |

Dormant companies have been liquidated, resulting in a return of capital to the company and a corresponding reduction in amounts owed to subsidiary companies.

The subsidiary companies are listed below:

| Name of undertaking | Country of incorporation and operation | Description of shares held | Proportion of nominal value of issued shares held | Principal activity |
|---|---|---|---|---|
| **Direct holdings:** | | | | |
| Briggs of Burton Inc | USA | Ordinary | 100% | Sale of manufactured products to the brewing industry |
| Giusti Limited | UK | Ordinary | 100% | Dormant |
| Burnett & Rolfe (Burton) Limited | UK | Ordinary | 100% | Dormant |
| Briggs Pension Trustees Limited | UK | Ordinary | 100% | Dormant |

The registered address of all the UK incorporated companies is Briggs House, Derby Street, Burton on Trent, DE14 2LH.

The registered address of Briggs of Burton Inc is 400 Airpark Drive, Suite 40, Rochester, NY 14624, USA.

# Notes to the financial statements
# for the nine month period ended 31 December 2016 (continued)

## 10 Stocks

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2016** | 31 March 2016 | **31 December 2016** | 31 March 2016 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Raw materials and consumables | **130** | 138 | **119** | 126 |
| Work in progress | **316** | 600 | **293** | 600 |
| | **446** | 738 | **412** | 726 |

Stocks are stated after provisions for impairment of £nil (March 2016:£nil). There was no impairment charge during the year (<arch 2016: £nil).

## 11 Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2016** | 31 March 2016 | **31 December 2016** | 31 March 2016 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Trade debtors | **3,628** | 4,615 | **2,344** | 3,543 |
| Amounts recoverable under contracts | **577** | - | **577** | - |
| Amounts owed by group undertakings | **-** | - | **1,264** | 308 |
| Prepayments | **190** | 109 | **124** | 102 |
| | **4,395** | 4,724 | **4,309** | 3,953 |

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

Trade debtors are stated after provisions for impairment of £nil (March 2016: £nil).

## Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

### 12 Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2016** | 31 March 2016 | **31 December 2016** | 31 March 2016 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Trade creditors | **1,066** | 2,478 | **1,059** | 2,459 |
| Amounts owed to group undertakings | **247** | 247 | **318** | 535 |
| Payments received on account | **2,341** | 2,287 | **2,213** | 2,237 |
| Corporation tax | **543** | 497 | **513** | 341 |
| Derivative financial instruments | **-** | 10 | **-** | 10 |
| Other creditors | **13** | 64 | **13** | 64 |
| Other taxation and social security | **239** | 481 | **221** | 468 |
| Accruals and deferred income | **1,182** | 397 | **1,119** | 293 |
| | **5,631** | 6,461 | **5,456** | 6,407 |

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

Group and company other creditors include £42,000 (March 2016: £47,000) in respect of unpaid pension contributions.

### 13 Provisions for liabilities

**Deferred taxation**

| | Group | Company |
|---|---|---|
| | **2016** | **2016** |
| | **£'000** | **£'000** |
| Provision at the start of the financial period / year | 17 | 17 |
| Deferred tax recognised in the profit and loss account | 25 | 25 |
| **Provision at the end of the financial period / year** | **42** | **42** |

# Notes to the financial statements for the nine month period ended 31 December 2016 (continued)

## 14 Provisions for liabilities (continued)

**Analysis of the provision / (asset) recognised**

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2016** | 31 March 2016 | **31 December 2016** | 31 March 2016 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Timing differences in respect of: | | | | |
| Accelerated capital allowances | 22 | 25 | 22 | 25 |
| Short term timing differences | 20 | (8) | 20 | (8) |
| | **42** | 17 | **42** | 17 |

All deferred tax assets or liabilities are provided in full at 19% (2016: 20%).

## 14 Called up share capital

| | **31 December 2016** | 31 March 2016 |
|---|---|---|
| | **£'000** | £'000 |
| **Allotted, called up and fully paid** | | |
| 142,397 (March 2016:142,397) ordinary shares of 10p (2015:10p) each | **14** | 14 |

During the year a dividend of £63.20 per share, totalling £9,000,000 was declared and paid.

## 15 Capital commitments

At 31 December 2016 there was no future capital expenditure contracted for but not provided within these financial statements for the company or the group (March 2016: £nil).

## Notes to the financial statements
## for the nine month period ended 31 December 2016 (continued)

### 16 Financial commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

| Group | **Land and buildings December 2016 £'000** | Land and buildings March 2016 £'000 |
|---|---|---|
| Payments due within one year | **135** | 123 |
| Payments due within one to two years | **35** | 123 |
| Payments due within two to five years | **-** | 369 |
| **Total** | **170** | 615 |

| Company | **Land and buildings December 2016 £'000** | Land and buildings March 2016 £'000 |
|---|---|---|
| Payments due within one year | **115** | 110 |
| Payments due within one to two years | **25** | 110 |
| Payments due within two to five years | **-** | 220 |
| Total | **140** | 440 |

### 17 Related party transactions

As permitted by FRS 102 transactions with wholly owned group companies have not been separately disclosed in these financial statements as its parent company produces consolidated financial statements, which are publicly available. During the period emoluments were paid to a person related to a director totalling £16,500 (12 Months to March 2016: £16,000). The amounts paid were commensurate with other employees performing a similar role with a similar level of qualifications and experience.

### 18 Ultimate parent company and controlling party

The immediate parent undertaking is Briggs Holdings Limited. The ultimate parent company and controlling party is CIMC a company incorporated in China.

The smallest group in which the results of the company are consolidated is that headed by Cooperatie Vela Holding UA, a company incorporated in the Netherlands. The Largest group in which the results of the company are consolidated is that headed by CIMC Enric Holdings Limited, a company incorporated in the Cayman Islands and listed on the Hong Kong stock exchange.