

Registered number: 01289695

BROOKS FORGINGS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



BROOKS FORGINGS LIMITED

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BROOKS FORGINGS LIMITED
REGISTERED NUMBER: 01289695

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	544,837	564,200
Investment property	5	170,000	170,000
		<u>714,837</u>	<u>734,200</u>
Current assets			
Stocks		938,477	981,042
Debtors: amounts falling due within one year	6	2,373,277	2,525,715
Current asset investments	7	218,337	218,777
Cash at bank and in hand		738,050	472,758
		<u>4,268,141</u>	<u>4,198,292</u>
Creditors: amounts falling due within one year	8	(883,906)	(1,011,641)
		<u>3,384,235</u>	<u>3,186,651</u>
Net current assets		<u>3,384,235</u>	<u>3,186,651</u>
Total assets less current liabilities		<u>4,099,072</u>	<u>3,920,851</u>
Provisions for liabilities			
Deferred tax		(30,779)	(6,108)
		<u>4,068,293</u>	<u>3,914,743</u>
Net assets		<u>4,068,293</u>	<u>3,914,743</u>
Capital and reserves			
Called up share capital		3,094	3,094
Profit and loss account		4,065,199	3,911,649
		<u>4,068,293</u>	<u>3,914,743</u>

BROOKS FORGINGS LIMITED
REGISTERED NUMBER: 01289695

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
A J Brooks
Director

Date:

22/12/2021

The notes on pages 3 to 12 form part of these financial statements.

BROOKS FORGINGS LIMITED

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

1. General information

Brooks Forgings Limited is a private company, limited by shares, domiciled in England and Wales, registration number 01289695. The registered office is Doulton Road, Cradley Heath, West Midlands, B64 5QJ.

The principal activity of the Company during the year continued to be that of the manufacture of steel forgings, construction and railway components for various industries, including rail and nuclear.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The directors have assessed the effects and impact of the COVID-19 pandemic on the business and in particular the going concern assumption.

As a result of the initial lockdown measures imposed by the UK government, although the Company experienced a short term decrease in trading activity, this was only short lived and as lockdown measures were eased, trade increased back to pre COVID levels, and the company has remained profitable. Looking forward the directors have reviewed budgets and forecasts for the period to 31 March 2023 and are forecasting continued profitability and cash generation.

The directors continue to maintain a strong balance sheet to ensure the company is well capitalised to withstand financial shocks, and continues to have strong cash and other liquid balances sufficient to continue as a going concern for the next 12 months and foreseeable future.

Accordingly the financial statements have been prepared on a going concern basis.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pound Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

BROOKS FORGINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance and straight-line basis.

Depreciation is provided on the following basis:

Freehold property	-	2% on cost
Plant and machinery	-	25% on a reducing balance
Motor vehicles	-	25% on a reducing balance
Fixtures and fittings	-	25% on a reducing balance
Office equipment	-	33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Investment property

Investment property is carried at fair value determined annually by the directors using their knowledge of the current property market. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

2.13 Valuation of investments

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 Stocks

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

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

BROOKS FORGINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)**2.15 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

BROOKS FORGINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)**2.20 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 63 (2020 - 62).

BROOKS FORGINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

4. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & office equipment £	Total £
Cost					
At 1 April 2020	298,507	1,237,586	332,823	224,652	2,093,568
Additions	-	31,331	67,993	14,427	113,751
Disposals	-	-	(21,967)	-	(21,967)
At 31 March 2021	<u>298,507</u>	<u>1,268,917</u>	<u>378,849</u>	<u>239,079</u>	<u>2,185,352</u>
Depreciation					
At 1 April 2020	104,888	1,072,917	128,691	222,872	1,529,368
Charge for the year	5,740	49,017	66,351	5,244	126,352
Disposals	-	-	(15,205)	-	(15,205)
At 31 March 2021	<u>110,628</u>	<u>1,121,934</u>	<u>179,837</u>	<u>228,116</u>	<u>1,640,515</u>
Net book value					
At 31 March 2021	<u>187,879</u>	<u>146,983</u>	<u>199,012</u>	<u>10,963</u>	<u>544,837</u>
At 31 March 2020	<u>193,619</u>	<u>164,669</u>	<u>204,132</u>	<u>1,780</u>	<u>564,200</u>

BROOKS FORGINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Investment property

	Freehold investment property £
Valuation	
At 1 April 2020	170,000
At 31 March 2021	<u>170,000</u>

Valuation of freehold properties was carried out by the directors in the year using their knowledge of the current property market at the year end. The directors consider the value of freehold investment properties as at 31 March 2021 to remain at its approximate market value.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	2020 £
Historic cost	80,900	80,900
Accumulated depreciation and impairments	(19,825)	(18,207)
	<u>61,075</u>	<u>62,693</u>

6. Debtors

	2021 £	2020 £
Trade debtors	1,100,912	1,221,680
Amounts owed by group undertakings	1,096,841	918,424
Other debtors	164,349	373,416
Prepayments and accrued income	11,175	12,195
	<u>2,373,277</u>	<u>2,525,715</u>

The amounts owed by group undertakings are unsecured and repayable on demand.

BROOKS FORGINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

7. Current asset investments

	2021 £	2020 £
Listed investments	<u>218,337</u>	<u>218,777</u>

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	502,785	329,263
Taxation and social security	225,253	156,023
Other creditors	20,470	329,599
Accruals and deferred income	135,398	196,756
	<u>883,906</u>	<u>1,011,641</u>

The amounts owed to group undertakings is unsecured and repayable on demand, bearing no interest.

9. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	<u>87,500</u>	<u>87,500</u>

10. Related party transactions

The wholly owned subsidiaries of the other members of the group, headed by Brooks Engineering Group Limited, are exempt from the requirements of Financial Reporting Standard 102, section 1AC.35 to disclose transactions with group entities.

As at 31 March 2021, the Company owed its directors an amount totalling £10,259 (2020 - £84,038).

At the year end, an amount of £140,111 (2020 - £140,111) was owed to the Company from a company under common directorship.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102, section 1AC.35 as all other transactions are considered to be at arms length.

BROOKS FORGINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

11. Controlling party

The directors consider that the parent undertaking of this Company is Brooks Engineering Group Limited, a company registered in England and Wales. The registered office is Doulton Road, Cradley Heath, West Midlands, B64 5QJ.

The parent company preparing consolidated accounts for the smallest and largest group of which the company is a member is Brooks Engineering Group Limited. Group accounts can be obtained from Doulton Road, Cradley Heath, West Midlands, B64 5QJ.

The ultimate controlling party during the year was J C Brooks.

12. Auditor's information

The auditor's report on the financial statements for the year ended 31 March 2021 was unqualified.

The audit report was signed by Tobias Stephenson BA ACA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.