BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2019

Company Registration no: 02668025

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2019

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ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2019

Company information

Directors

F J Rahmatallah
N M Ball

Secretary

N M Ball

Registered Office

Synnovia
Room 1.1
London Heliport
Bridges Court Road
London
SW11 3BE

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Strategic report

The Directors present their Strategic report for the year ended 31 March 2019. The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

BNL group which manufactures plastic ball bearings and related assemblies, had an excellent year with revenue up 22% on the previous year (19.8% at constant exchange rates), after a disappointing prior year in which revenue fell by 4.3% in constant currency terms. Projects which had been slow to come through in FY2018, did fulfil expectations in FY2019 and in addition some key accounts enjoyed strong demand and BNL benefited

New business wins in the year were again healthy, with newly converted projects expected to deliver over £19.6 million in lifetime sales. This was the fourth consecutive year when the conversion of new projects has been significantly ahead of current annual turnover. Particularly pleasing has been the conversion of two important projects involving our standard or "catalogue" range of bearings, the first substantial orders we have received for this range of bearings.

The newly converted business pipeline is healthy, with projects won but not yet in full production (or not at full production rate) at just over £4.6 million. This business is expected to flow through over the next three to four years.

FY2020 will be a year in which BNL consolidates the progress made in FY2019. A significant number of new projects are scheduled to start production during FY2020 and BNL have found in the past that this ramp up phase of demand at the start of a major project is very difficult to predict and is consequently a management challenge.

Objectives and Strategy

BNL's strategy continues to be to focus on major accounts and projects in substantial growing application areas where injection moulded plastic ball bearings have clear value-added advantages. These applications include steering columns, instrument control knobs, dishwashers, CCTV cameras, food conveyor systems and water applications. The new business pipeline at BNL (projects already won but not yet in production or not yet at full production rate) remains strong at £4.6m. This business is expected to flow through over the next three to four years. The pipeline of projects which we are working to convert is very healthy.

Key performance indicators

The Company's key financial performance indicator is that of operating profit. In the year ended 31 March 2019, operating profit margin was 3.1%, which is up on the 1.8% achieved in the prior year.

Strategic report (continued)

Principal Risks and Uncertainties

The principal risks that BNL faces are:

- General economic environment – over the year, the Company has been exposed to a flat global economy. Management has mitigated this risk by (i) ensuring that the cost base is appropriate for the sale volume levels; and (ii) a continued effort in winning new business.
- Adverse currency movements impacting profitability - BNL invoices customers in a number of different currencies, including US Dollars, Euro and Japanese Yen. Similarly, BNL's costs are paid in a number of different currencies. As a result, the Group is subject to foreign currency exchange risk. The Directors believe, however, that these risks are mitigated by the fact that some of the Group's sales are matched in terms of currencies by costs. The remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards and foreign currency borrowings.
- Intellectual property protection – BNL's success depends in part on protecting its intellectual property. BNL relies on its technological know-how, established over many years, to maintain its leading position. This intellectual property is closely guarded through trade secrets and contractual provisions. In addition, BNL will initiate claims or litigation against third parties for infringement of its proprietary rights or to establish the validity of its proprietary rights.

Brexit

In general, the impact of Brexit on the Company and UK economy remains to be seen, but it is likely that it will provide some challenges. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

The impact to date of Brexit on our business is difficult to assess and the future impact even more difficult to predict. The key risk is a "no deal" scenario, in which there are four different factors to consider – logistics, tariffs, currency and UK economic conditions.

- Logistics - We have taken steps where possible to increase stocks for European customers and for raw materials we purchase from Europe, but we would still expect some short-term supply chain disruption in the event of "no deal".
- Tariffs - Moving to WTO tariffs would have single digit percentage impacts on sales from the EU but probably sterling weakness would in the short term compensate for these. Much of our raw material purchases are from Europe and some single digit percentage impacts would also apply; however, there are alternative sources and UK competitors would be equally affected.
- Currency - Sterling weakness has benefited us since the referendum, by making us more competitive. We can expect to continue to benefit and probably more so in the event of "no deal" if sterling weakens further.
- UK economic conditions – these are expected to worsen. We do not appear to have been unduly affected in FY 18-19, but there are indications in HY 1 an FY19-20 that UK demand has weakened. This is probably the most significant factor to be considered going forward.

Overall, therefore, a "no deal" Brexit can be expected to disrupt our sales and some of our raw material supplies, to suppress UK sales growth but to improve our prospects for export and overseas sales growth. In addition, the impact to our work force (current and future) is also expected to be minimal.

Future Developments

As detailed in last year's Annual Report, BNL's future developments will be focused on major accounts and projects in substantial growing application areas where injection moulded plastic ball bearings have clear value-added advantages.

By order of the Board

N M Ball

N M Ball
Director

Date: 23 January 2020

Room 1.1
London Heliport
Bridges Court Road
London
SW11 3BE

BNL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 MARCH 2019

Directors' report

The Directors present their Directors' report and the audited financial statement for the year ended 31 March 2019.

Under the Companies Act 2006 s414C(11), the information relating to future developments and risk management are included in the Strategic report

Principal activities

The principal activity of the Company is the design, moulding and manufacture of plastic bearings and associated assemblies. Operating in a global marketplace, BNL supplies a variety of blue-chip OEMS worldwide, both direct and via its subsidiary companies.

Business Review

The Company's reported turnover for the year ended 31 March 2019 was £15,291,040 compared with £12,558,300 for the prior year, which represents a 22% increase in turnover in the current year. The profit for the financial year was £452,873 (2018: £11,353).

Proposed dividend

The Directors do not recommend the payment of a dividend.

Directors

The Directors who held office during the year were as follows:

- F J Rahmatallah
- N M Ball

Disclosure of information of auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

Since the year end the Directors have tendered the audit for the year ending 31 March 2020. KPMG LLP is not seeking reappointment as auditors of the Company and the Directors have appointed Moore Kingston Smith LLP.

By order of the Board

NMBall

N M Ball
Director

Date: 23 January 2020

Room 1.1
London Heliport
Bridges Court Road
London
SW11 3BE

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of BNL (UK) Limited

Opinion

We have audited the financial statements of BNL (UK) Limited ("the company") for the year ended 31 March 2019, which comprise the Income Statement and Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of inventory and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Independent auditor's report to the members of BNL (UK) Limited *(continued)*

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Jonathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 January 2020

Income Statement and Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	4	15,291,040	12,558,300
Cost of sales		(10,916,079)	(9,341,993)
Gross profit		4,374,961	3,216,307
Distribution costs		(1,653,005)	(1,516,100)
Administrative expenses		(2,243,652)	(1,477,790)
Operating profit	5	478,304	222,417
Interest payable and similar charges	9	(121,735)	(132,426)
Profit on ordinary activities before taxation		356,569	89,991
Tax on profit on ordinary activities	10	96,304	(78,638)
Profit on ordinary activities after taxation		452,873	11,353
Profit on ordinary activities after taxation		452,873	11,353
Other comprehensive income: items that will not be reclassified to profit or loss		-	-
Total comprehensive income for the year		452,873	11,353

All the turnover and operating profit for the current year and preceding year relates to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

BALANCE SHEET
As at 31 March 2019

	Notes	2019 £	2018 £
Fixed Assets			
Intangible fixed assets	11	1,053,420	968,901
Tangible fixed assets	12	2,762,860	2,809,936
Investments	13	1,554,971	1,554,971
		5,371,251	5,333,808
Current Assets			
Stocks	15	851,079	778,254
Debtors	16	4,914,560	3,901,670
Cash and cash equivalents	17	408,729	602,115
		6,174,368	5,282,039
Creditors: amounts falling due within one year	18	(3,865,215)	(3,683,469)
Net current assets		2,309,153	1,598,570
Creditors: amounts falling due after more than one year	19	(3,587,412)	(3,301,821)
Provisions for liabilities and charges			
Deferred tax	20	(24,955)	(15,393)
Net assets		4,068,037	3,615,164
Capital and reserves			
Called up share capital	21	3,389,113	3,389,113
Share premium account		40,888	40,888
Capital redemption reserve		1,000	1,000
Profit and loss account		637,036	184,163
Total shareholders' funds		4,068,037	3,615,164

The financial statements were approved by the Board of Directors and authorised for issue on 23 January 2020 and were signed on its behalf by:

N M Ball

N M Ball
Director

Company Registration no: 02668025

The notes on pages 12 to 24 form part of these financial statements.

Statement of changes in equity

For the year ended 31 March 2019

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£	£
Balance at 1 April 2017	3,389,113	40,888	1,000	172,810	3,603,811
Profit for the year	-	-	-	11,353	11,353
Total comprehensive income	-	-	-	11,353	11,353
Balance at 1 April 2018	3,389,113	40,888	1,000	184,163	3,615,164
Profit for the year	-	-	-	452,873	452,873
Total comprehensive income	-	-	-	452,873	452,873
Balance at 31 March 2019	3,389,113	40,888	1,000	637,036	4,068,037

The notes on pages 12 to 24 form part of these financial statements.

Notes
(forming part of the Financial Statements)

1. General information

BNL UK Limited ("the Company") is a private company and is incorporated and domiciled in the UK. The address of its registered office is Room 1.1 London Heliport, Bridges Court Road, London, SW11 3BE.

2. Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company is exempt by virtue of (s400/s401/402/subject to the small companies regime) of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Synnovia plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

2.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: certain financial assets and financial liabilities (including derivatives) measured at fair value.

2.2 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes (continued)

(ii) **Classification and subsequent measurement**

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) *Subsequent measurement and gains and losses*

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(iii) Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL Trade receivables and contract assets with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Notes (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.3 Financial instruments (policy applicable prior to 1 April 2018))

(i) ***Non-derivative financial instruments***

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

(ii) ***Derivative financial instruments***

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

(iii) ***Intra-group financial instruments***

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Note: (continued)

(iv) **Impairment**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.4 ***Turnover***

There has been no effect of applying IFRS 15 on the Company's revenue from contracts with customers. There is no significant judgement involved in the estimation of revenues and no material contract assets or liabilities are recognised.

The standard requires revenue earned from contracts to be recognised in line with performance obligations based on a five-step model.

The Company recognises revenue based on the stand-alone selling price of each performance obligation. The selling price is determined based on the contract agreed with the customer. On inception of the contract the performance obligation is identified for each of the distinct goods or services to be provided to the customer. The following summarises the performance obligations we have identified for our major revenue lines and provides information on the time of when they are satisfied and the related revenue recognition policy.

Revenue on sale of goods
This represents the majority of revenue earned in the year. The performance obligation in this case is the manufacture of products and the performance obligation is satisfied at the point in time that control passes to the customer. Revenue is recognised at this point, which is generally on dispatch.

Revenue on tooling projects
The performance obligation, being the design and the development of the tool, is satisfied over the period of the contract, and revenue is accordingly recognised over time. The impact of the transition to IFRS15 on tooling revenue is immaterial, and therefore no adjustment has been made in these financial statements.

2.5 Going Concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

Whilst the Company has generated a profit for the year of £452,873 and has net assets at 31 March 2019 of £4,068,037, the Company is an obligor to the Group bank facility agreement and is ultimately financed by the Group facility.

As at 31 March 2019, the Company's ultimate parent company was Synnovia plc. Subsequent to the year end, on 11 November 2019, Synnovia plc was acquired by BPF1 Limited (a wholly owned subsidiary of funds advised by Camelot Capital Partners LLC)

On 28 June 2019, Synnovia plc, refinanced its banking facilities with Barclays bank ("the lender"). The new facilities total £25.3 million, with a final maturity date of 30 June 2023 and has been structured by means of a term loan, invoice discounting facility, revolving credit facility and an asset finance facility. Covenants have been set quarterly and these consist of net debt leverage, interest cover and cash flow cover. These facilities remain in place following the acquisition of the

Trading for the year to date has been below forecast due to weakened customer demand across the Group. In December 2019, Camelot Capital Partners (Cayman) Limited, a wholly-owned subsidiary of Camelot Capital Partners LLC, has provided an additional working capital loan of £750,000, which is repayable in 12 months. In December 2019 Synnovia plc obtained agreement from the lender to vary the definitions of terms defined within the original facilities agreement which enabled the Group to pass the December 2019 covenant tests.

As of the date of this Annual Report, the directors have prepared forecasts for BPF1 Limited and its subsidiaries ("the Group") based on current trading conditions. Whilst the Group's trading and cash flow forecasts have been prepared using current trading assumptions, the operating environment presents a number of challenges which could negatively impact the actual performance achieved.

These risks include, but are not limited to, achieving forecast levels of order intake, the impact on customer confidence as a result of general economic conditions and Brexit, achieving forecast margin improvements and the directors ability to implement cost and cash saving initiatives in areas of discretionary spend where required. If future trading performance materially underperforms the Group's forecasts, this could impact the ability of the Group to meet its financial obligations as they fall due.

In considering this risk the directors have prepared financial forecasts for a period of at least twelve months from the date of the approval of these accounts. In addition the directors have considered reasonably possible downside sensitivity scenarios to their projections to quantify the potential downside risks to financial performance. The directors have also considered mitigating actions within the control of management including reductions in areas of discretionary spend. These forecasts show that the Group will continue to operate with sufficient headroom within the facility terms in place for the duration of the facility agreement (expires June 2023).

On this basis and having considered the risks and uncertainties described above the directors have a reasonable expectation that the Group and therefore the Company have sufficient financial resources to meet their obligations as they fall due for at least the next twelve months. The directors have therefore concluded that it is appropriate to prepare these financial statements on the going concern basis.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Plant and machinery	10% per annum straight line
Fixtures & fittings	20% per annum straight line
Motor vehicles	25% per annum straight line

2.7. Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

2.8. Employee benefits

The Company operates a defined contribution pension plan. The assets of the plan are held separately from those of the Company in an independently administered fund. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.9. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.10 Taxation

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. 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. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.12 Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the year if the rates do not fluctuate significantly. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates ruling at that date or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account in the period in which they arise.

3. Research and development

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Internally-generated intangible assets are amortised on a straight-line basis over 5 years. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

4. Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or to the financial statements in general within the next financial year are discussed below:

i) Stock provisioning

The Company designs, manufactures and sells plastic bearings and associated assemblies and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

ii) Impairment of trade debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the ageing profile of receivables and historical experience.

iii) Carrying amount of intangible assets

The Company exerises judegment in determining the carrying amount in intangible assets.

The calculation of the value in use requires estimates to be made of the future cash flow of the cash generating unit and the timescale over which they arise. Estimated growth rates and discount factors are also used in the calculation to estimate the net present value of the cash flows

Notes (continued)

5. Turnover

Analysis of turnover by geographic region:	**2019**	2018
	£	£
UK	396,930	527,317
Overseas	14,894,110	12,030,983
	15,291,040	12,558,300

All turnover was derived from the principal activity of the Company.

6. Operating profit

	2019	2018
	£	£
This is stated after charging:		
Auditors' remuneration for the:		
Audit of these financial statements	19,000	18,000
Other taxation services	-	2,875
Research and development expenditure	412,263	404,274
Depreciation of owned fixed assets	479,598	496,623
Depreciation of financed fixed assets	107,837	109,589
Amortisation of intangibles	158,147	194,967
Rentals payable under operating leases:		
Hire of plant and machinery	5,808	8,556
Other assets	200,832	203,520

7. Staff numbers and costs

The average number of full-time persons employed by the Company during the year, analysed by category, was as follows:

	2019	2018
	No.	No.
Production staff	87	83
Administration and management staff	10	10
Sales and design	5	5
	102	98

The aggregate payroll costs of these persons were as follows:

	2018	2018
	£	£
Wages and salaries	3,446,174	3,155,844
Social security costs	348,983	330,211
Other pension costs (see note 8)	329,409	298,674
	4,124,566	3,784,729

8. Pension scheme

The Company operates a defined contributions pension scheme. The pension costs charge for the year ended 31 March 2019 was £329,409 (2018: £298,674), which represents the contributions payable by the Company to the scheme. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

9. Interest payable

	2019	2018
	£	£
Bank loans and overdraft	36,805	40,217
Inter-company interest payable on loan from the parent company	84,930	92,209
	121,735	132,426

Notes (continued)

10. Taxation

	2019	**2019**	2018	2018
	£	**£**	£	£
Current taxation:				
UK corporation tax on profits for the year	130,586		52,930	
Adjustments in respect of prior periods	(236,452)		65,563	
		(105,866)		118,493
Deferred taxation:				
Origination and reversal of timing differences	(4,848)		(4,745)	
Adjustments in respect of prior periods	14,410		(35,110)	
		9,562		(39,855)
Tax on profit on ordinary activities		(96,304)		78,638

Factors affecting tax charge for the current year

	2019 £	2018 £
Tax reconciliation		
Profit on ordinary activities before taxation	356,569	89,991
Current tax at 19% (2018: 19%)	67,748	17,098
Effects of:		
R&D relief	-	(67,000)
Adjustments in respect of prior periods	(222,042)	30,453
Other	57,990	98,087
Total Tax (credit)/charge on ordinary activities	(96,304)	78,638

The adjustments for prior years are as a result of finalisation of the prior year tax computations and relate to true-ups for estimates for R&D claims.

Notes (continued)

11. Intangible fixed assets

	Goodwill	Development costs	Total
Cost	£	£	£
At 1 April 2018	1,572,453	1,683,066	3,255,519
Additions	-	487,605	487,605
Disposals	-	(244,939)	(244,939)
At 31 March 2019	1,572,453	1,925,732	3,498,185
Impairment or amortisation			
At 1 April 2018	1,572,453	714,165	2,286,618
Charge for year	-	158,147	158,147
At 31 March 2019	1,572,453	872,312	2,444,765
Net book value			
At 31 March 2019	-	1,053,420	1,053,420
At 1 April 2018	-	968,901	968,901

12. Tangible fixed assets

	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
Cost	£	£	£	£
At 1 April 2018	7,692,729	1,023,790	29,234	8,745,753
Additions	476,682	64,285	-	540,967
Disposals	(340,676)	(11,728)	-	(352,404)
At 31 March 2019	7,828,735	1,076,347	29,234	8,934,316
Depreciation and impairment				
At 1 April 2018	5,220,573	695,371	19,873	5,935,817
Charge for year	476,396	105,482	5,557	587,435
Disposals	(340,676)	(11,120)	-	(351,796)
At 31 March 2019	5,356,293	789,733	25,430	6,171,456
Net book value				
At 31 March 2019	2,472,442	286,614	3,804	2,762,860
At 1 April 2018	2,472,156	328,419	9,361	2,809,936

Leased plant and machinery

At 31 March 2019 the net carrying amount of leased plant and machinery and motor vehicles was £769,015 (2018: £876,852). The leased equipment secures lease obligations (see note 22).

13. Investments

	Shares in Group undertakings
Cost	£
At 1 April 2018 and 31 March 2019	1,600,196
Provisions	
At 1 April 2018 and 31 March 2019	(45,225)
Net book value	
At 31 March 2019	1,554,971
At 1 April 2018	1,554,971

Subsidiary Name	Country of incorporation	Registered Address	Principal activity	Class and nominal share value (£)		Percentages of shares held
BNL (US) Inc.	USA	56 Leonard Street, Unit 5, Foxboro, MA 02035, USA	Plastic Products	Ordinary	£1.00	100%
BNL (Japan) Inc.	Japan	7th Floor, Yamatane Aoki Building 8-1, Nihonbashi Hakozaki-cho, Chuo-ku, Tokyo, 103-0015, Japan	Plastic Products	Ordinary	£388	100%
BNL (Thailand) Limited	Thailand	500/58 Moo, 3 Hemaraj Eastern Seaboard Industrial Estate T.Tasit A.Pluakdaeng, Rayong 21140, Thailand	Plastic Products	Ordinary	£2.11	100%

Notes (continued)

14. Operating lease commitments

At the balance sheet date, the Company had outstanding commitments for future lease payments under non-cancellable operating leases as follows:

	Land and buildings 2019 £	Land and buildings 2018 £	Other items 2019 £	Other items 2018 £
Within 1 year	180,000	180,000	30,106	29,731
Between 2 and 5 years	270,000	450,000	56,168	61,087
More than 5 years	-	-	222	-
	450,000	630,000	86,496	90,818

During the year £206,640 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £212,076).

15. Stock

	2019 £	2018 £
Raw Materials	215,568	174,961
Work in progress	372,041	388,510
Finished Goods	263,470	214,783
	851,079	778,254

The cost of inventory recognised within the income statement was £6,789,715 (2018: £5,589,101). Inventories are stated net of provisions amounting to £36,697 (2018: £54,697).

16. Debtors

	2019 £	2018 £
Trade debtors	2,090,826	1,502,326
Amounts owed by Group undertakings	2,423,365	2,179,036
Other debtors	75,158	-
Prepayments and accrued income	219,345	220,308
Corporation tax	105,866	-
	4,914,560	3,901,670

There are no differences between the carrying amount and fair value of any of the trade and other debtors, above. Amounts owed by Group undertakings are interest free and are repayable on demand. The provision for bad and doubtful debts included within the net trade debtors balance above is £0 (2018: £50,000)

The trade debtors balance above includes amounts denominated in currencies other than sterling as follows:

	2019 £	2018 £
Euro	726,431	658,864
US Dollar	1,028,905	631,293

17. Cash and cash equivalents

	2019 £	2018 £
Cash and cash equivalents	408,729	602,115
Total cash and cash equivalents	408,729	602,115

18. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to Group undertakings	1,866,284	1,919,929
Trade creditors	914,933	776,210
Net obligations under finance leases and hire purchase agreements	190,344	184,981
Corporation tax	-	118,493
Other creditors and accruals	893,654	683,856
	3,865,215	3,683,469

The amounts owed to fellow group companies which are interest free and are repayable on demand is £1,866,284 (2018: £1,620,204). The amounts owed to fellow group companies which accrue interest at 2.75% is £0 (2018: £299,725)

The trade creditors balance above includes amounts denominated in currencies other than sterling as follows:

	2019 £	2018 £
Euro	191,265	144,534
US Dollar	93,770	133,678

19. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to parent undertaking	3,281,397	2,805,144
Net obligations under finance leases and hire purchase agreements	306,015	496,677
	3,587,412	3,301,821

Amounts owed to parent undertaking accrue interest at 2.75% and are repayable on demand.

Notes (continued)

20. Provisions for liabilities

Deferred tax	**2019**	2018
	£	£
Balance at 1 April	15,393	55,248
Profit and loss account	9,562	(39,855)
Balance at 31 March	24,955	15,393

The elements of deferred taxation are as follows:

Accelerated capital allowances	24,955	15,393

21. Share capital

Authorised, issued and fully paid		
1,583,921 Redeemable Preference shares of £1 each	1,583,921	1,583,921
1,798,000 Ordinary shares of £1 each	1,798,000	1,798,000
71,920 'A' Ordinary shares of £0.10 each	7,192	7,192
	3,389,113	3,389,113

Ordinary shares and 'A' Ordinary shares

The 'A' Ordinary shares have the same voting rights as the Ordinary shares. The 'A' Ordinary shares have the same rights as the Ordinary shares on return of assets on liquidation or capital reduction.

Redeemable Preference shares

The Redeemable Preference shares can be redeemed at par by the Company on giving notice to the holders of the shares in accordance with the Company's articles of association. On a winding up the holders of the Redeemable Preference shares have priority over the other shareholders to receive an amount equal to the subscription price paid per share. The holders have no voting rights. The profits of the Company which are available for distribution shall be applied firstly in paying dividends to the holders of the Redeemable Preference shares unless they agree to pay dividends to the Ordinary shareholders.

22. Finance lease liabilities

At the balance sheet date, the Company had finance lease liabilities are payable as follows:

	Minimum lease payments	**Interest**	**Principal**
	2019	**2019**	**2019**
	£	**£**	**£**
Within 1 year	206,360	16,016	190,344
Between 2 and 5 years	315,996	9,981	306,015
More than 5 years	-	-	-
	522,356	25,997	496,359
	2018	2018	2018
	£	£	£
Within 1 year	208,357	23,376	184,981
Between 2 and 5 years	522,674	25,997	496,677
More than 5 years	-	-	-
	731,031	49,373	681,658

Finance lease liabilities are secured against the corresponding assets that the leases relate to.

Notes (continued)

23. Contingent liability

The ultimate parent company Synnovia plc has given a charge over its assets in favour of Barclays Bank. The amount of loans outstanding at the year end was £20,510,000 (2018: £19,977,000).

24. Related party transactions

As the Company is a wholly owned subsidiary of Synnovia plc, it has taken advantage of the exemption in FRS 101: 8(k) from disclosing transactions with entities which form part of the Synnovia plc Group. Balances outstanding at the year end with entities included in the Synnovia plc Group are disclosed in aggregate in notes 14 and 19.

25. Controlling parties

The ultimate parent company and controlling party is Synnovia plc, a company incorporated in England and Wales

The largest and smallest group in which the results of the Company are consolidated is that headed by Synnovia plc, a company incorporated in England and Wales. The consolidated accounts of this company can be obtained from Room 1.1, London Heliport, Bridges Court Road, London, SW11 3BE.

26. Ultimate parent company and parent undertaking of the only group of which the Company is a member

For the year ended 31 March 2019, the Company was a subsidiary of Synnovia plc, incorporated in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Synnovia plc. The consolidated accounts of this company are available from Crown Way, Cardiff CR14 3UZ.

<u>Change of ultimate parent company</u>

On 3 September 2019, the terms of a recommended offer was announced for the acquisition of the entire issued share capital of Synnovia plc by BPF1 Limited, a private company incorporated in England and Wales. BPF1 Limited is solely owned and controlled by Camelot Capital Partners (Cayman) Limited, a company incorporated in the Cayman Islands.

On 11 October 2019, a resolution was passed at a Synnovia plc General Meeting to accept the offer, which became wholly unconditional on 29 October 2019.

Admission to trading on the London Stock Exchange was cancelled on 26 November 2019 and Synnovia will be re-registered as a private limited company.

27. Post Balance Sheet event

On 28 June 2019, Synnovia plc, the Company's intermediate parent company, refinanced its banking facilities with Barclays bank. The new banking facilities totals £25.3 million, with a final maturity date of 30 June 2023 and has been structured by means of a term loan, invoice discounting facility, revolving credit facility and an asset finance facility. There has been no change to the structure of the facilities following the acquisition of Synnovia plc after the year end.