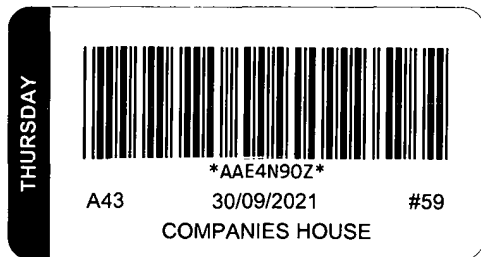


REGISTERED NUMBER: 569290 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
BRAMMER UK LIMITED



BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

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FOR THE YEAR ENDED 31 DECEMBER 2020

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BRAMMER UK LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:

M R G Dixon
C G Parker

REGISTERED OFFICE:

Dakota House
Concord Business Park
Manchester
M22 0RR

REGISTERED NUMBER:

569290 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Statutory Auditors & Chartered Accountants
Manchester Hardman Sq
1 Hardman Square
Manchester
M3 3EB

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

Brammer UK Limited is a wholly owned subsidiary of Rubix International Limited. Both Brammer UK Limited and Rubix International Limited are consolidated in to Rubix Group Holdings Limited, the ultimate controlling company. Rubix group are the market leading pan-European distributor of industrial products and services with their customers being some of the biggest blue chip companies in their sectors. For these companies, we help drive their business forward supporting their need for profitability, quality and consistency.

Brammer UK Limited are the authorised distributor of many of the world's leading engineering component manufacturer and supply Bearings, Mechanical Power Transmission components, Fluid Power, Tools and General Maintenance products, together with engineering and associated industrial services, to the maintenance repair and overhaul ("MRO") market across the UK.

OUR MARKET

We operate in a highly fragmented market, and with a market share of approximately 5%, our market share will not be a constraint to growth in the future.

BUSINESS REVIEW, RESULTS FOR THE YEAR AND KEY PERFORMANCE INDICATORS

We use the following key performance indicators (KPIs) to measure and track performance. Each KPI relates directly to our long-term strategy.

	2020	Restated 2019
	£m	£m
Revenue	195.9	210.8
Sales per working day (SPWD) decrease	(7.6%)	(2.1%)
Gross profit %	29.3%	29.7%
Sales, distribution and administration costs before exceptional items, as a percentage of sales	33.9%	33.4%
Operating loss	(14.5)	(12.0)
Exceptional loss	(5.5)	(4.1)
Adjusted operating loss before exceptional items	(9.0)	(7.9)
Depreciation and amortisation	3.8	3.6
Group management fees	11.1	11.4
EBITDA before group management fees and exceptional items	5.9	7.1
Operating return on sales before exceptional items	(4.6%)	(3.7%)
Average FTE numbers (including directors)	1142	1142

Revenue

Revenue has decreased by £14.9m to £195.9m. This is due to the Covid-19 pandemic and the continued initiative to reduce low margin sales in favour of product lines that give a higher margin.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Gross profit

The Gross profit for the year was £57.4m (2019: £62.6m), with gross margin decreasing by 40 basis points to 29.3% (2019: 29.7%). The reduction in Gross profit caused by the Covid-19 pandemic is offset slightly by the commercial strategy to strengthen the transactional and gross margin of the business.

SDA costs

Total reported SDA (Sales, distribution and administrative) costs decreased by £2.8m to £71.8m (Restated 2019: £74.6m). This is mainly due to the government funded payroll support in the form of £1.6m CJRS Grant which is shown as Other operating income in the Income Statement. SDA before exceptional items have increased as a proportion to revenue from 33.4% in 2019 to 33.9% in 2020. The company continues to review its management of these costs and savings initiatives.

Exceptional items

The 2020 exceptional costs of £5.5m (Restated 2019 £4.1m) recognised in arriving at operating loss comprises:

	2020	Restated 2019
	£m	£m
Headcount and other restructuring costs	3.1	3.4
Transformation and branding	1.1	-
Other exception costs	0.7	0.3
Acquisition costs	0.6	0.4
	<u>5.5</u>	<u>4.1</u>

Included within the operating loss are exceptional costs of £5.5m. Exceptional items include the ongoing restructuring and integration of the legacy IPH and Brammer groups in to a single, combined Rubix group. This restructuring and integration work seeks to achieve the benefits of bringing the two legacy groups together, and is being conducted in a multi-year, phased approach across the groups geographical operations in order to minimise disruption to the business. The restructuring and integration programme includes the necessary upgrade to and alignment of the underlying ERP systems, the replacement and / or recruitment of senior roles to strengthen management teams across the group and the one-off rebranding costs to move onto the Rubix brand.

Costs of £3.1m have been incurred on restructuring and headcount reduction, £2.7m of this was direct people costs and the remainder was the establishment costs relating to the associated branch restructuring.

There were further exceptional costs of £1.1m relating to transformation and branding. This included re-branding to the Rubix group, Rubix 3.0 initiative, which is the new Rubix way of selling in a post Covid-19 world and Marr procurement project which looked at reducing supplier spend and improving rebates.

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

During the year the company acquired the entire share capital of Matara UK Limited and Knowlton and Newman Limited resulting in acquisition costs of £0.6m.

Other exceptional costs totalled £0.7m.

Adjusted operating loss before exceptional items

The adjusted operating loss in the year was £9.0m (Restated 2019: £7.9m).

Balance sheet

The company's net assets position as at 31st December 2020 was £11.1m (Restated 2019 £23.6m).

Subsidiary undertakings

The company has a 100% owned subsidiary, Brammer Island ehf, located in Iceland which is responsible for the company's contracts in that country. The company also wholly owns Matrix Tooling Services Limited and Peter Campbell (Sales) Limited, both cutting tools and precision engineering services companies and Hydra Engineering Services Limited who manufacture and refurbish hydraulic cylinders.

On 30th November 2020 the company acquired the entire share capital of Matara UK Limited, a company which is registered in England and manufactures fluid power equipment. Consideration and directly attributable costs totalled £8.9m for the acquisition, of which, £2.0m is contingent upon certain performance criteria being met.

On 31st December 2020 the company acquired the entire share capital of Knowlton and Newman Limited, a machinery repair company which is registered in England. Consideration and directly attributable costs totalled £12.6m for the acquisition, of which, £3.4m is contingent upon certain performance criteria being met.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES

A formal review of all commercial risks is performed on a six monthly basis by the senior leadership team review and this review informs the strategic direction pursued by the company. The principal risks affecting the company are considered below:

Pandemic		
Risk	Strategic Importance	Controls and Mitigation
<p>A continuation of the Covid-19 pandemic during 2021 could cause disruption to our customers' and suppliers' businesses.</p> <p>Impact The ability to maintain service levels to our customers may be lost and subsequently this would impact our results.</p>	<p>The company is dependent on its key suppliers in order to provide a high level of service to its customer base.</p>	<p>The company will continue to use the mitigations that it deployed successfully during 2020 including remaining operational as a recognised essential business in all its countries, supporting customers by leveraging its strong and established supplier relationships, using technology to support both internal and external interactions, and conducting robust liquidity management.</p>
Brexit		
Risk	Strategic Importance	Controls and Mitigation
<p>The impact of the UK's exit from the EU continues to evolve and could cause supply issues.</p> <p>Impact Increased supply chain complexity caused by cross border regulations and customs administration leading to delays in movement of goods, and the lack of free movement of key employees between the UK and the EU.</p>	<p>The business has built a supply chain which gives the ability to meet customer demands and maintain a high level of service to its customer base. The ability to source the right employees for the business is also critical in maintaining this.</p>	<p>The company planned extensively for the UK's exit from the EU by working with its suppliers and freight forwarders. Additional work has been done and is ongoing to ensure full compliance with import duty rules.</p>

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Loss of a major supplier		
Risk	Strategic Importance	Controls and Mitigation
<p>The business is dependent on its key suppliers which it represents in a multi-brand environment to the customer base.</p> <p>Impact The unforeseen withdrawal or loss of a major supplier could cause significant harm to the company's ability to service customers in the short term.</p>	<p>The overall business strategy includes leveraging the economies of scale from the wider group when purchasing, in order to provide better value for customers across the entire geographical footprint.</p>	<p>The relationship with strategic suppliers is mutually dependent and enhanced by our partnership approach to key accounts. In addition, concentrating spend with core suppliers enables favourable purchasing terms including rebates. A significant reduction of purchases in any one year can have an impact on rebates or pricing from suppliers. The business continues to invest time in maintaining strong relationships with its core suppliers and, due to the range of suppliers it deals with, the loss of any one supplier can be mitigated by moving spend to an alternative supplier. The business does not have dependency on any single supplier, with no supplier representing > 3% of spend.</p>
Loss of a major customers		
Risk	Strategic Importance	Controls and Mitigation
<p>There is always a risk that the business loses a significant key account contract.</p> <p>Impact The loss of significant numbers of key accounts could have an adverse effect on revenue growth and an impact on other focus areas of cross-selling opportunities. As a distributor in a fragmented market following the rebrand to Rubix, Brammer derives great benefits from its first-class reputation as an industry leader in its service offering to key accounts, which could be potentially damaged with significant loss of major customers.</p>	<p>A core part of the growth strategy for the business is a focus on winning and maintaining those significant customers it views as key accounts.</p>	<p>The business does not have dependency on any single customer, with no customer representing > 6% of revenue. Key account customers are carefully monitored by the senior management team via regular reviews and reporting, and via a comprehensive group-wide key account strategy to ensure European-wide coordination where possible.</p>

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Expected benefits from Strategic Acquisitions may not be realised		
<p>Risk Acquisitions involve a number of risks related to the performance of the acquired business and challenges arising from integration.</p> <p>Impact If benefits from acquisitions are not realised, there could be an impact on forecasted performance and the potential for disruption to the underlying core business.</p>	<p>Strategic Importance Part of the overall Rubix group strategy is growth through selective acquisitions.</p>	<p>Controls and Mitigation Through a formal and well established acquisition strategy, potential targets are carefully researched prior to any purchase by an experienced M&A team and are closely monitored by Rubix group senior management subsequent to acquisition.</p>
Loss of infrastructure/systems		
<p>Risk IT infrastructure and associated systems, including business ERPs, could fail to function in a timely and accurate fashion.</p> <p>Impact Failure of our IT infrastructure or key IT systems could result in loss of information, inability to operate effectively, financial or regulatory penalties and could adversely effect our reputation. For the company, which is a distributor of products, these key processes are in the area of inventory and order management, sales and delivery management and transactional record keeping, including financial books and records.</p>	<p>Strategic Importance The business strives to achieve a consistent level and quality of service across our businesses and functional IT infrastructure and systems are a fundamental requirement to achieve that.</p>	<p>Controls and Mitigation As with most large organisations that depend on Information Technology for their day-to-day operations, there are disaster recovery plans in place such as overnight and real-time back-up systems in place and stored offsite which can be expected to mitigate the worst effects of such disruption.</p> <p>Integration teams continually work to develop group-wide solutions to business-critical processes which provide improved security and resilience against failure in the event that issues occur in our operations.</p>

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Loss of key employees		
Risk	Strategic Importance	Controls and Mitigation
<p>There is a risk of inability to retain key employees across the group.</p> <p>Impact The loss of key employees could lead to loss of information, damage to customer/supplier relationships and an inability to execute business strategy.</p>	<p>Key employees assist our ability to meet our key strategic targets.</p>	<p>The business regularly reviews its remuneration and succession plan arrangements to ensure that key managers are recognised and developed.</p> <p>Where appropriate, employment contracts contain relevant provisions regarding interaction with competitors and customers. Industry benchmarking and the use of external advisors form part of the recruitment process for key managers to ensure high calibre recruits to key roles.</p>

NEW UK TRADING RELATIONSHIP WITH THE EUROPEAN UNION

Support is provided to Brammer UK Limited through the Rubix group who continues to monitor the situation closely in the UK and has a structured plan and approach to prepare the business for a reasonable worst-case scenario. In previous periods a detailed questionnaire was issued to the group's supplier base, and the response to this enabled a preparedness database to be built, from which a basis could be formed for risk mitigating actions. This situation continues to be under regular management review.

COVID-19 PANDEMIC

The global COVID-19 pandemic has been considered by the directors to have no material impact on the long term viability of the company. The company has carried out extensive risk and scenario planning, and has performed well during the period due to the proactivity of the company in enabling appropriate employee mobilisation, safe working practices, working with key suppliers and customers and effective cash management.

FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks including market risk, credit risk, price risk and cash flow and liquidity risk. We actively participate in Rubix group's overall risk management programme which focuses on the unpredictability of financial markets and which seeks to minimise the potential adverse effects on the company's financial performance. Market risk is mitigated by ensuring the business continues to supply a diverse range of sectors. The company frequently enters into contracts with both customers and suppliers agreeing fixed price terms as a means to combat price risk. The company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Management implement controls to manage these risks and have a continual review and improvement process. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Rubix treasury aims to maintain flexibility in funding by keeping committed credit lines available and monitoring the cash flow position for all group entities.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

COMMERCIAL RISK REVIEW

The company is dependent on its key suppliers which it represents in a multi-brand environment to Brammer UK Limited's existing customer base. The relationship with strategic suppliers is mutually dependent and enhanced by our partnership approach to key accounts. The company is continuing to secure additional support for its efforts to increase market share and is confident any withdrawal could be sourced from another supplier.

In the event of a loss of infrastructure or systems, the company has backup systems in place which can be expected to mitigate the worst effects of such disruption. The company continually works to develop improved resilience against failure in our key processes: stock and order management, sales and delivery management and transactional record keeping, including financial books and records.

Acquisitions involve a number of risks related to the performance of the acquired business and challenges arising from integration. Potential acquisitions are carefully researched prior to any purchase and closely monitored by Brammer UK Limited's management subsequent to acquisition.

To ensure continuity and maximise our competitive advantage the company remains committed to a number of incentive schemes linked to the group's results, which have been designed to retain key managers.

FUTURE DEVELOPMENT

Focus will continue in 2021 on delivering key account growth, developing our product categories, creating cross-selling opportunities with group companies and acquisitions, increasing our penetration of digital channels, as well as accelerating this growth through selective acquisitions. Rubix group's healthy financial results throughout 2020, up to the date of approval of the audit report, together with our robust cash and financing position, give us a strong platform to achieve this growth.

POST BALANCE SHEET EVENTS

The group has taken the decision to repay the Coronavirus Job Retention Scheme (CJRS) grant income and Retail, Hospitality and Leisure Grant Fund (RHLGF) based upon the overall performance of the group in 2020. In April - June 2021 the CJRS grant income of £1.6m and RHLGF of £0.2m was paid in full.

SECTION 172 STATEMENT

The directors have acted in a way that they considered, in faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster and develop the company's business relationships with suppliers, customers and others; and
- the desirability of the company maintaining a reputation for high standards of business conduct, in line with wider group practices.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

SECTION 172 STATEMENT - continued

The directors have also considered the views and interests of a wider set of stakeholders, including regulators, government and non-government organisations. Considering and balancing this broad range of interests is an important part of the way the directors make decisions.

Engagement with stakeholders

The size and distribution of our stakeholders means that stakeholder engagement often takes place at an operational level. The directors consider and discuss information from across the organisation to help them understand the impact of company operations, and the interests and views of our key stakeholders. They also review strategy, financial and operational performance, as well as information covering areas such as key risks and legal and regulatory compliance. This information is provided to the directors through reports sent in advance of each directors meeting, and through in-person presentations. As a result of these activities, the directors have an overview of engagement with stakeholders, and other relevant factors, which enables them to comply with their duty under section 172 of the Companies act 2006.

Engagement in action

The following are some examples of how the directors have performed their duties as outlined in Section 172(10(a)-(f).

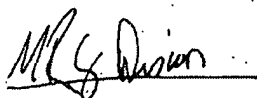
Interests of the company's employees:

The company's policies and action in relation to employee engagement, employee development and health and safety are detailed in the report of the directors on page 12.

Business relationship:

We use a variety of sources to gauge the needs of our customers including a group-wide customer survey. The aim of this survey is to understand and quantify our customers' view in relation to our performance, and to measure our performance and level of improvement compared with last year's results. Appropriate action plans are subsequently put into place, including follow up communication with customers.

ON BEHALF OF THE BOARD:



.....
M R G Dixon - Director

Date: 28 September 2021

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report with the audited financial statements of the company for the year ended 31 December 2020.

DIVIDENDS

No dividend was paid or proposed during the current or previous financial year. No final dividend is proposed for the financial year.

DIRECTORS AND THEIR INTERESTS

No director was materially interested in any contract of significance with the company during the year.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions.

FINANCIAL RISK MANAGEMENT

This has been disclosed in the strategic report on page 8.

FUTURE DEVELOPMENTS

This has been disclosed in the strategic report on page 9.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in note 21 of the financial statements.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were M R G Dixon and C Parker.

M R G Dixon and C Parker have held office during the whole of the period from January 2020 to the date of this report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITIES

The company's intermediate parent company, Rubix Group International Limited, purchased and maintained throughout the financial year Directors' and Officers' liability insurance ('D&O Insurance') for directors and officers of itself and all direct and indirect subsidiaries of Rubix Group Holdings Limited (from time to time), including, but not limited to, its sister company Rubix Group Bufferco Limited and Brammer UK Limited. The D&O Insurance gives appropriate cover for certain legal action brought against the directors and officers of the company to the extent permitted by the law.

The directors also have the benefit of the indemnity provision contained in the company's articles of association which is a qualifying indemnity provision within the meaning of Section 234 Company's Act 2006 and individual deeds of indemnity from the company. This indemnity provision was in force throughout the financial year and up to the date of approval of these financial statements.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

RESEARCH AND DEVELOPMENT

The company carries out development work, rather than research, in pursuit of new products and improved quality, competitiveness, performance and profitability. This expenditure is not material in relation to the size of the company and is charged to the Income Statement as it is incurred except for expenditure of a capital nature.

CUSTOMERS

The company's customers are some of the biggest companies in their sectors. These sectors include food, drink and consumer, automotive, metals, business services, chemicals, packaging, aerospace and pharmaceutical. For these customers, we help drive their business forward by supporting their need for profitability, productivity quality and consistency. In addition, we work with our customers to reduce complexity in their supply chain and improve the control and transparency of their MRO activity and spend.

Key account customers are monitored by the senior management team via regular reviews and reporting, and via comprehensive group-wide key account strategy to ensure European-wide coordination where possible.

SUPPLIERS

The company is dependant on its key suppliers which it represents in a multi-branded environment to the existing customer base. The relationship with strategic suppliers is mutually dependent and enhanced by the company's approach to key accounts. In addition, concentrating spend with core suppliers enables favourable purchasing terms including rebates. The company has access to an extensive range of global suppliers with whom it invests time in maintaining strong relationships.

EMPLOYEES

The most important factor in the consistent delivery of high quality service to our customers is our people. To ensure we maintain the highest service levels we continue to invest in training and development programmes, recruitment and staff induction and recognition programmes. We conduct a regular employee engagement survey to measure the return on investment in people development and the level of job satisfaction and company engagement. Communication with employees has been strengthened through use of Yammer, an internal social network, an employee forum with representatives from various departments and training through the Rubix group academy. Employee engagement is further improved by a bonus incentive scheme tied to financial performance. The directors have further engaged with employees by working within their relevant streams across the business and are actively involved in day to day reporting and running of the business.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the company to give full and fair consideration to applications for employment received from disabled persons, having regard to their aptitude and abilities; and whenever possible to continue the employment of, and arrange appropriate training for, employees who have become disabled during the period of their employment. The company provides the same opportunities for training, career development and promotion for disabled persons as for other employees.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

Further details can be found in the Engagement with stakeholders' section of the strategic report, page 10.

OVERSEAS BRANCHES

The company has no overseas branches at the reporting date, nor were any in existence during the year.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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, 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 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 company will continue in business.

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

The directors are responsible for 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.

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

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The company has taken advantage of the SECR reporting exemption on the basis that this is reported by the company's ultimate parent undertaking, Rubix Group Holdings Limited.

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

GOING CONCERN BASIS

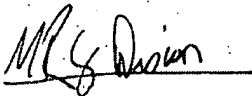
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for twelve months from the date of the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

This conclusion is based on a review of the resources available in the group, of which the company is part. This conclusion takes into account the group's financial projections together with available cash and committed borrowing facilities, and the covenants applicable to those bank facilities. In reaching this conclusion, the directors have considered the magnitude of potential impacts resulting from uncertain future events or changes in market conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the directors would consider undertaking. The group's forecasts and projections show that the group is well placed to operate within the level of its current facilities. Further comfort has also been taken from a letter of support in place from Rubix Group Holdings Limited.

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, each director in office at the date of the report of the directors, confirms that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD



.....
M R G Dixon - Director

Date: 28 September 2021

Independent auditors' report to the members of Brammer UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Brammer UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Brammer UK Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditors' report to the members of Brammer UK Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to increase revenue or reclass expenditure and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries. In particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Review of meeting minutes of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

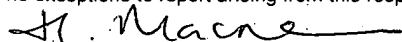
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

28 September 2021

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	£'000	2020 £'000	£'000	Restated (note 22) 2019 £'000
TURNOVER	3		195,925		210,816
Cost of sales			<u>(138,525)</u>		<u>(148,183)</u>
GROSS PROFIT			57,400		62,633
Distribution costs		(49,042)		(53,543)	
Administrative expenses		(24,429)		(21,079)	
Other operating income - CJRS Grant		1,646			
			<u>(71,825)</u>		<u>(74,622)</u>
Operating loss before exceptional items			(8,969)		(7,872)
Exceptional items	6		(5,456)		(4,117)
Operating loss after exceptional items			(14,425)		(11,989)
OPERATING LOSS	5		(14,425)		(11,989)
Interest payable and similar expenses	7		<u>(623)</u>		<u>(513)</u>
LOSS BEFORE TAXATION			(15,048)		(12,502)
Tax on loss	8		<u>2,603</u>		<u>978</u>
LOSS FOR THE FINANCIAL YEAR			<u>(12,445)</u>		<u>(11,524)</u>

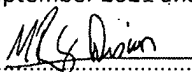
The notes form part of these financial statements

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

BALANCE SHEET
31 DECEMBER 2020

	Notes	£'000	2020 £'000	£'000	Restated (note 22) 2019 £'000
FIXED ASSETS					
Intangible assets	9		4,952		4,779
Tangible assets	10		7,755		9,412
Investments	11		44,555		23,039
TOTAL FIXED ASSETS			57,262		37,230
CURRENT ASSETS					
Stocks	12	20,641		20,228	
Debtors	13	32,402		32,114	
Cash at bank and in hand		10,560		9,253	
		63,603		61,595	
CREDITORS					
Amounts falling due within one year	14	(69,572)		(65,995)	
NET CURRENT LIABILITIES			(5,969)		(4,400)
TOTAL ASSETS LESS CURRENT LIABILITIES			51,293		32,830
CREDITORS					
Amounts falling due after more than one year	15		(38,620)		(7,604)
PROVISIONS FOR LIABILITIES	16		(1,558)		(1,666)
NET ASSETS			11,115		23,560
CAPITAL AND RESERVES					
Called up share capital	17		147		147
Share premium account			41,188		41,188
Accumulated losses			(30,220)		(17,775)
TOTAL SHAREHOLDERS' FUNDS			11,115		23,560

The financial statements on pages 18 to 46 were approved by the Board of Directors and authorised for issue on 28 September 2021 and were signed on its behalf by:



M R G Dixon - Director

The notes form part of these financial statement

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £'000	Accumulated losses £'000	Share premium account £'000	Total equity £'000
Balance at 1 January 2019	147	(6,251)	41,188	35,084
Changes in equity				
Restated (note 22) loss for the financial year	-	(11,524)	-	(11,524)
Restated balance at 31 December 2019	147	(17,775)	41,188	23,560
Changes in equity				
Loss for the financial year	-	(12,445)	-	(12,445)
Balance at 31 December 2020	147	(30,220)	41,188	11,115

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Brammer UK Limited is a private company limited by shares incorporated and registered in the UK. It is a wholly owned subsidiary of Rubix International Limited. The address of the registered office of Brammer UK Limited is Dakota House, Concord Business Park, Manchester, M22 0RR.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom, FRS 102, which has been consistently applied, and the Companies Act 2006. The preparation of the financial statements in conformity with FRS 102, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in the Key accounting estimates and judgements section of the Accounting policies, on pages 27-28.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statement are rounded to the nearest £1,000.

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

Going concern

The directors believe that preparing financial statements on the going concern basis is appropriate due to the continued financial support of Rubix Group Holdings Limited. The directors have received a letter of support confirming the Rubix Group Holdings Limited intends to support the company for at least one year after these financial statements are signed.

Financial Reporting Standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of the company's ultimate parent undertaking, Rubix Group Holdings Limited, a company registered in the United Kingdom:

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements to present a reconciliation of the number of shares at the beginning and end of the accounting year;
- the requirements of Section 33 Related Party Disclosure paragraph 33.7;
- the requirements to disclose key management personnel compensation in total; and
- the requirement to report under SECR framework.

Turnover

Turnover comprises the invoiced value for the sale of goods and services net of value-added tax, customer rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownerships of the goods are transferred to the buyer, which is usually on despatch or issued from a vending machine.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill is amortised over its expected useful life. Where the company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and this is charged to the Income Statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable software systems operated by the company and will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of direct overheads.

Expenditure which enhances or extends the performance of identifiable software systems beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 7 years.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided by equal annual instalments to write off the cost of fixed assets net of residual value over their estimated lives.

In general the lives of the assets have been estimated as follow:

Land and buildings - Freehold properties	individually - subject to a maximum of 50 years
Land and buildings - Leasehold properties	10 - 15 years
Plant, equipment and vehicle	5 - 10 years

Tangible assets are stated at historical cost net of depreciation. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

No depreciation is provided on freehold land.

Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

Investments in subsidiaries

Investments in subsidiary undertakings are shown at cost subject to provision for impairment in valuation. Investments are reviewed annually for impairment.

Inventories

Inventories are stated at the lower of cost, determined on a weighted average cost formula, and net realisable value. Cost of inventory represents material and a proportion of procurement overheads. Provisions are made for slow moving and obsolete items. Net realisable value is estimated selling price in the ordinary course of business, less selling expenses.

Trade debtors

Trade debtors are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the best estimate of the amount recoverable. Trade receivables are derecognised when sold under a non-recourse factoring agreement and substantially all of the risks and rewards of ownership of the receivable have transferred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Trade creditors

Trade creditors are non-interest bearing and are stated at their nominal value. Trade creditors are initially recognised at fair value and subsequently held at amortised cost.

Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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 Income Statement.

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income Statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements, when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. Deferred tax assets and liabilities are not discounted.

Deferred tax has been presented as a current asset on the face of the Balance Sheet in line with the provisions under SI 2008/410-1 Sch 1A (1).

Research and developments

All expenditure on development is charged against profits in the year except expenditure of a capital nature which is capitalised and depreciated as noted above.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the Balance Sheet date.

The exchange differences on translation of net assets employed are dealt with through the Income Statement.

Share capital

Ordinary shares are classified as equity.

Consolidation

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements, as these are prepared by the company's ultimate parent undertaking, Rubix Group Holdings Limited.

Government grants

Government grants are recognised when the company intends to comply with the conditions related to them and when received. Grants related to employee benefits are recognised in the Income Statement as Other operating income.

2. ACCOUNTING POLICIES - continued

Exceptional items

Material items of income and expense are disclosed separately. Exceptional items are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the company's financial performance.

Exceptional items include costs associated with the ongoing restructure and integration of the legacy IPH and Brammer groups into a single, combined Rubix group. The restructuring and integration programme includes the upgrade of ERP systems, replacement and / or recruitment of senior management roles and rebranding. This restructuring and integration work seeks to achieve the benefits of bringing the two legacy groups together, and is being conducted in a multi-year, phased approach across the groups geographical operations in order to minimise disruption to the business.

Key accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and judgements concerning the future. The resulting estimates may not equal the related actual results.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates:

The following critical accounting estimates involve a higher degree of judgement or complexity, or are areas where assumptions are significant to the financial statements. These critical accounting estimates are the major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year.

(a) Deferred tax

Deferred tax assets are recognised on losses and capital allowances carried forward only to the extent that it is probable that they will be available to use against future profits and that there will be sufficient future taxable profit against which the temporary differences can be utilised. In arriving at a judgement in relation to the recognition of deferred tax assets, management considers the regulation applicable to taxation and whether there are likely to be sufficient future taxable profits

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued*Judgements:*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately above), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised and presented in the financial statements.

(a) Classification of exceptional items

Certain items of income and expense are classified as exceptional items due to their nature or size and are presented separately on the face of the Income Statement to provide a better understanding of the company's financial performance. Exceptional items are excluded from underlying performance measures to present a more meaningful measure of the underlying performance of the business. There is a degree of judgement in determining whether costs meet the definition of exceptional items.

(b) Derecognition of trade receivables sold under non-recourse debt factoring agreements

Trade receivables are sold under a debt factoring agreement which has been assessed as a non-recourse scheme and as such the sold receivables have been derecognised in the Balance Sheet. There is a degree of judgement in assessing whether the risks and rewards of the trade receivables have been transferred to the factoring partner.

(c) Valuation of inventory

The company's inventory is stated at the lower of cost and net realisable value, with net realisable value being the estimated selling price in the ordinary course of business, less selling expenses. Provisions are made for slow moving and obsolete items, by reference to provisioning rules on a line by line basis considering the level of inventory holding and the recent sales history. There is a degree of judgement required in determining the level of provision required.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£'000	£'000
United Kingdom	194,002	208,915
Rest of Europe	1,726	1,901
Rest of World	197	-
	<u>195,925</u>	<u>210,816</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£'000	£'000
Directors' emoluments		
Aggregate emoluments	<u>578</u>	<u>596</u>
Highest paid director		
Aggregate emoluments	<u>395</u>	<u>415</u>

Pension contributions made on behalf of the directors in the year were as follows:

	2020	2019
	£'000	£'000
All directors	63	62
Highest paid director	48	49

The number of directors to whom retirement benefits were accruing was as follow:

	2020	2019
Money purchase schemes	<u>1</u>	<u>1</u>

Aggregate emoluments of employees, excluding directors, were:

	2020	2019
	£'000	£'000
Wages and salaries	31,591	34,710
Social security costs	3,395	3,423
Other pension costs	<u>1,985</u>	<u>1,972</u>
	<u>36,971</u>	<u>40,105</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. EMPLOYEES AND DIRECTORS - continued

The monthly average number of employees, excluding directors, during the year was as follows:

	2020	2019
Marketing, selling and distribution	1,039	1,022
Administration	101	120
	<u>1,140</u>	<u>1,142</u>

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Depreciation - owned assets	1,234	1,757
Profit on disposal of fixed assets	(13)	(367)
Goodwill amortisation	1,656	1,657
Computer software amortisation	865	218
Auditors' remuneration for audit services	121	119
Other income - CJRS Grant	(1,646)	-
Reversal of provision for impairment of inventories	(861)	(1,656)
Provision / reversal of provision for impairment of trade debtors	89	(1,366)
Operating leases for vehicles and property	<u>4,841</u>	<u>5,464</u>

There were no fees for non-audit services (2019: £7k) paid to the company's auditors in the year.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**6. EXCEPTIONAL ITEMS**

	2020	Restated (note 22) 2019
	£'000	£'000
Headcount and other restructuring costs	3,045	3,400
Transformation and branding	1,137	-
Acquisition costs	599	263
Other exception costs	675	454
	<u>5,456</u>	<u>4,117</u>

Exceptional items include the ongoing restructuring and integration of the legacy IPH and Brammer groups into a single, combined Rubix group. This restructuring and integration work seeks to achieve the benefits of bringing the two legacy groups together, and is being conducted in a multi-year, phased approach across the groups geographical operations in order to minimise disruption to the business. The restructuring and integration programme includes the necessary upgrade to and alignment of the underlying ERP systems, the replacement and / or recruitment of senior roles to strengthen management teams across the group and the one-off rebranding costs to move onto the Rubix brand.

Costs of £3,045k have been incurred on restructuring and headcount reduction, £2,706k of this was direct people costs and the remainder was the establishment costs relating to the associated branch restructuring.

There were further exceptional costs of £1,137k relating to transformation and branding. This included re-branding to the Rubix group, Rubix 3.0 initiative, which is the new Rubix way of selling in a post Covid-19 world and Marr procurement project which looked at reducing supplier spend and improving rebates.

During the year the company acquired the entire share capital of Matara UK Limited and Knowlton and Newman Limited resulting in acquisition costs of £599k.

Other exceptional costs totalled £675k.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£'000	£'000
Bank and other interest payable	8	47
Group interest receivable	(177)	(464)
Debt factoring related costs	399	638
Holding company loan	393	292
	<u>623</u>	<u>513</u>

8. TAX ON LOSS**Analysis of the tax credit**

The tax credit on the loss of the year was as follows:

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax	(507)	(461)
Adjustment in respect of prior years	114	-
	<u>(393)</u>	<u>(461)</u>
Deferred Tax:		
Current year	(1,460)	(2,098)
Adjustment in respect of prior years	284	1,581
Impact of change to future tax rate	(1,034)	-
Total Deferred tax	<u>(2,210)</u>	<u>(517)</u>
Tax on loss	<u>(2,603)</u>	<u>(978)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TAX ON LOSS - continued**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	Restated (note 22) 2019 £'000
Loss before tax	<u>(15,048)</u>	<u>(12,502)</u>
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(2,859)	(2,375)
Effects of:		
Expenses not deductible for tax purposes	255	(5)
Adjustments in respect of pensions	-	(423)
Unrecognised tax losses in the year	637	-
Adjustment to future tax rate	(1,034)	244
Adjustment in respect of prior years	398	1,581
Total tax credit	<u>(2,603)</u>	<u>(978)</u>

Tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £3,564k, to increase the deferred tax asset by £3,564k.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

9. INTANGIBLE ASSETS

	Goodwill £'000	Computer software £'000	Totals £'000
Cost			
At 1 January 2020	23,160	2,469	25,629
Transfer from Tangible FA	-	3,472	3,472
Additions	-	1,064	1,064
	<u>23,160</u>	<u>7,005</u>	<u>30,165</u>
At 31 December 2020	23,160	7,005	30,165
AMORTISATION			
At 1 January 2020	20,123	727	20,850
Transfer from Tangible FA	-	1,842	1,842
Amortisation for year	1,656	865	2,521
	<u>21,779</u>	<u>3,434</u>	<u>25,213</u>
At 31 December 2020	21,779	3,434	25,213
NET BOOK VALUE			
At 31 December 2020	<u>1,381</u>	<u>3,571</u>	<u>4,952</u>
At 31 December 2019	<u>3,037</u>	<u>1,742</u>	<u>4,779</u>

The goodwill is amortised over a useful life of 10 years and is recognised within administrative expenses. The remaining goodwill will be fully amortised in 2021.

Computer software within Intangible assets previously contained only direct staff costs of the software development team, the software itself was classified within Plant, equipment and vehicles. For 2020 the rest of the computer software has been re-classified as Intangible assets. The prior year has not been restated due to insignificant net value of this adjustment and it is a balance sheet reclassification only within Total fixed assets.

Computer software is amortised over a useful life of 7 years and is recognised within administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

10. TANGIBLE ASSETS

	Land and buildings £'000	Plant, equipment and vehicles £'000	Totals £'000
COST			
At 1 January 2020	13,776	16,243	30,019
Transfer to Intangible assets	-	(3,472)	(3,472)
Additions	340	896	1,236
Disposals	(158)	(277)	(435)
At 31 December 2020	<u>13,958</u>	<u>13,390</u>	<u>27,348</u>
DEPRECIATION			
At 1 January 2020	7,959	12,648	20,607
Transfer to Intangible assets	-	(1,842)	(1,842)
Charge for year	645	589	1,234
Eliminated on disposal	(131)	(275)	(406)
At 31 December 2020	<u>8,473</u>	<u>11,120</u>	<u>19,593</u>
NET BOOK VALUE			
At 31 December 2020	<u>5,485</u>	<u>2,270</u>	<u>7,755</u>
At 31 December 2019	<u>5,817</u>	<u>3,595</u>	<u>9,412</u>
The net book value of land and buildings comprises:			
		2020 £'000	2019 £'000
Freehold		1	27
Leasehold		<u>5,484</u>	<u>5,790</u>
		<u>5,485</u>	<u>5,817</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

10. TANGIBLE ASSETS - continued**Capital commitments**

There are capital commitments of £150k (2019 - £337k) for which contracts have been placed.

Operating lease commitments

The company was committed to minimum annual lease payments as follows:

	2020 £'000	2019 £'000
Property		
Within one year	2,752	2,441
Between one and five years	8,497	7,558
After five years	<u>5,591</u>	<u>7,876</u>
	<u>16,840</u>	<u>17,875</u>
Other		
Within one year	1,035	1,493
Between one and five years	<u>2,237</u>	<u>1,952</u>
	<u>3,272</u>	<u>3,445</u>

11. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2020	23,039
Additions	<u>21,516</u>
At 31 December 2020	<u>44,555</u>
NET BOOK VALUE	
At 31 December 2020	<u>44,555</u>
At 31 December 2019	<u>23,039</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Brammer Island ehf

Registered office: Hlidasmari 12, 200 Kopavogur, Iceland.

Nature of business: Cutting tools and precision engineering

	%
Class of shares:	holding
Equity	100.00

Matrix Tooling Services Limited

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Cutting tools and precision engineering

	%
Class of shares:	holding
Equity	100.00

Peter Campbell (Sales) Limited

Registered office: Abercorn House 79 Renfrew Road, Paisley, Scotland, PA3 4DA

Nature of business: Cutting tools and precision engineering

	%
Class of shares:	holding
Equity	100.00

Hydra Engineering Services Limited

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Machining

	%
Class of shares:	holding
Equity	100.00

Matara UK Limited

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Manufacture of fluid power equipment

	%
Class of shares:	holding
Equity	100.00

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. INVESTMENTS - continued

Knowlton and Newman Limited

Registered office: Dakota House, Concord Business Park, Manchester, England, M22 0RR

Nature of business: Repair of machinery

Class of shares:	%
Equity	holding 100.00

The directors believe that the carrying value of the investments is supported by their underlying net assets.

On 30th November 2020 the company acquired the entire share capital of Matara UK Limited, a company which is registered in England and manufactures fluid power equipment. Consideration and directly attributable costs totalled £8.9m for the acquisition, of which, £2.0m is contingent upon certain performance criteria being met.

On 31st December 2020 the company acquired the entire share capital of Knowlton and Newman Limited, a machinery repair company which is registered in England. Consideration and directly attributable costs totalled £12.6m for the acquisition, of which, £3.4m is contingent upon certain performance criteria being met.

12. STOCKS

	2020	2019
	£'000	£'000
Goods for resale	<u>20,641</u>	<u>20,228</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of £2,988k (2019 - £3,849k).

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

13. DEBTORS

	2020	2019
	£'000	£'000
Trade debtors	9,175	8,903
Amounts owed by group undertakings	10,964	12,788
Deferred tax asset (note 16)	11,285	9,075
Prepayments and accrued income	978	1,348
	<u>32,402</u>	<u>32,114</u>

Trade debtors are stated after provisions for impairment of £454k (2019 - £364k).

Amounts owed by group undertakings include group loans which accrue interest at 0.1% plus 3M LIBOR rate. The loans are revolving 12 month credit facilities which are repayable on demand by the lender.

On 3 August 2018 the company entered in a debt factoring arrangement with Facto France SA. This created a fixed and floating charge over the underlying book debts (Trade debtors) of the company that have been subject to factoring.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	Restated (note 22)
	£'000	2019 £'000
Factored debts	6,874	10,236
Trade creditors	26,695	29,968
Amounts owed to group undertakings	29,573	21,423
Taxation and social security	5,018	1,245
Other creditors	483	1,495
Accruals and deferred income	929	1,628
	<u>69,572</u>	<u>65,995</u>

Amounts owed to group undertakings accrue interest at 2.85% plus 3M LIBOR rate. The loan is an unsecured revolving 12 month credit facility which is repayable on demand by the lender.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020 £'000	2019 £'000
Amounts owed to group undertakings	33,270	7,604
Other creditors - contingent consideration	5,350	-
	<u>38,620</u>	<u>7,604</u>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and incur interest at a rate on a calculated daily basis equivalent to 2.85% above 3M LIBOR rate.

16. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Dilapidation provisions	<u>1,558</u>	<u>1,666</u>
	Deferred tax	Dilapidation provisions
	£'000	£'000
Balance at 1 January 2020	(9,075)	1,666
Credit to Income Statement during year	<u>(2,210)</u>	<u>(108)</u>
Balance at 31 December 2020	<u>(11,285)</u>	<u>1,558</u>

As part of the company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the Income Statement as the obligation arises. The provision is expected to be utilised between 2021 and 2030 as the leases terminate.

The deferred taxation asset comprises:

	2020 £'000	2019 £'000
Losses	11,022	8,890
Other timing differences	<u>263</u>	<u>185</u>
	<u>11,285</u>	<u>9,075</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

16. PROVISIONS FOR LIABILITIES - continued

In accordance with the provisions of FRS 19 'deferred tax', full provisions have been made for deferred tax on assets and liabilities arising on timing differences. It is expected that the company and associated companies will earn sufficient taxable profits in the future that will allow the deferred tax asset to be utilised.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
147,141	Ordinary	£1	<u>147</u>	<u>147</u>

18. PENSION COMMITMENTS

The UK group operates the Brammer Services Limited Retirement Pension Scheme, which, until 28 February 2006, provided benefits on a final salary and defined contribution basis. With effect from 1 March 2006, the defined benefit section of the scheme was closed to future accrual. Existing members of the defined benefit section were offered membership of the defined contribution scheme. This defined contribution section of the Scheme was subsequently transferred to Aegon Master Trust in December 2019. The defined benefit scheme is funded by the group and contributions are paid as determined by the actuary following discussions with the trustees and the company. The assets of the scheme are held in nominee accounts separate from the group's finance under the control of the trustees. The trustees have no investment in the share capital of the parent company, Rubix International Limited.

The scheme operates under UK trust law and the trust is a separate legal entity from the company. The scheme from 28 April 2017 is governed by a sole independent trustee. The trustee is required by law to act in the best interest of scheme members. The scheme exposes the company to actuarial risks including longevity risk, interest rate risk, and market (investment) risk.

Brammer UK Limited makes an annual contribution towards the deficit funding of £576k per annum. This is included in the total funding plan from the parent company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

18. PENSION COMMITMENTS - continued

Under FRS 102 the company is unable to identify its share of the underlying assets of the above scheme and during 2019, the trustees conducted an investment advisor review and, as part of this, made the decision to appoint a fiduciary manager. As part of the transaction to the fiduciary portfolio, the scheme invested in a leveraged liability driven investment portfolio which is made up of underlying investments in UK government bonds, cash and derivatives. The assets within this portfolio are expected to react to changes in interest rates and inflation in a similar way to the scheme's long-term liabilities. The transition to the fiduciary portfolio (including the Liability Driven Investment ("LDI") portfolio) was completed in early 2018 following the completion of a bulk Retirement Transfer Option. In addition, the Scheme holds a buy-in policy with Pensions Insurance Corporation which matches the interest rate, inflation and longevity risk perfectly for a subset of the Scheme's pensioner membership. A value has been placed on the insurance policy which is equivalent to the liability matched by the policy (approximately €16,200k).

The latest triennial actuarial valuation of the scheme was carried out as at 31 December 2020, using the market-related basis whereby assets are taken into accounts at their market value, by an independent actuary employed by Barnett Waddingham LLP. The valuation showed that the market value of the scheme's assets (excluding the value of the buy-in policy and members AVC's) was £144,632k as at 31 December 2020, which represented 82% of the value of the benefits that had accrued to members at that date based on the statutory funding objective. Following completion of the triennial actuarial valuation, the company agreed a deficit funding plan with the trustees of the Scheme to make payment of £6,000k per annum between January 2021 and April 2026. The assumptions, which were agreed between the company and trustees, that have the most significant effect on the results of the triennial valuation are those related to the rates of return on investments and the rates of increase in future price inflation and pensions.

The next actuarial valuation of the Scheme is due as at 31 December 2023.

The weighted average duration of the defined benefit obligation at 31 December 2020 is approximately 22 years. Full particulars about the scheme and the defined benefit pension liability are disclosed in the financial statements of Rubix Group Holdings Limited.

A defined contribution scheme, the 'Brammer Services Defined Contribution Pension Scheme' was launched on 1 January 2002 for new UK employees joining the group and membership of that scheme was offered to existing members of the defined benefits scheme with effect from 1 March 2006, the date at which the defined benefit scheme was closed to future accrual. This scheme is now provided through the Aegon Master Trust referred to above.

The charge in the year for this scheme was £1,472k (2019 - £1,352k).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

18. PENSION COMMITMENTS - continued

The amount outstanding in relation to pension contributions at 31 December 2020 was £206k (2019 - £265k).

19. ULTIMATE CONTROLLING COMPANY

The immediate parent undertaking is Rubix International Limited, both entities are consolidated into Rubix Group Holdings Limited, which is the smallest and largest company to prepare consolidated financial statements. The financial statements of Rubix Group Holdings Limited can be obtained at Dakota House, Concord Business Park, Manchester, England M22 0RR.

The ultimate holding company is Al Robin (Cayman) Limited.

The ultimate controlling party is Advent Funds GPE VIII.

20. CONTINGENT LIABILITIES

The company is a guarantor to the Rubix Group International Limited group bank facility whereby it agrees to discharge on demand, in part or in total, bank borrowings under this facility of other companies within the group. These borrowings are secured by fixed and floating charges over specific assets of the company.

21. POST BALANCE SHEET EVENTS

The group has taken the decision to repay the Coronavirus Job Retention Scheme (CJRS) grant income and Retail, Hospitality and Leisure Grant Fund (RHLGF) based upon the overall performance of the group in 2020. In April - June 2021 the CJRS grant income of £1.6m and RHLGF of £0.2m was paid in full.

22. RESTATEMENT NOTE

In 2019, 3 amounts owed to group undertakings, totalling £7,796k, were recognised as being written-off as exceptional gains, due to there being no possibility of these intercompany balances being directly repaid. Following a restructure of debt in 2020, the £7,796k liability was transferred to another Company within the Rubix group, meaning the liability should not have been extinguished in 2019. This restatement note explains how the exceptional gain has been reversed and the liability restored.

BRAMMER UK LIMITED (REGISTERED NUMBER: 569290)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

22. RESTATEMENT NOTE - continued

Restated Income Statement for the year ended 31st December 2019

	Notes	£'000	Original 2019 £'000	£'000	Difference 2019 £'000	£'000	Restated 2019 £'000
TURNOVER			210,816		-		210,816
Cost of sales			<u>(148,183)</u>				<u>(148,183)</u>
GROSS PROFIT			62,633				62,633
Distribution costs		(53,543)				(53,543)	
Administrative expenses		(13,283)		(7,796)		(21,079)	
			<u>(66,826)</u>		<u>(7,796)</u>		<u>(74,622)</u>
Operating loss before exceptional items			(7,872)		-		(7,872)
Exceptional items	1		3,679		(7,796)		(4,117)
Operating loss after exceptional items			<u>(4,193)</u>		<u>(7,796)</u>		<u>(11,989)</u>
OPERATING LOSS			(4,193)		(7,796)		(11,989)
Interest payable and similar expenses			<u>(513)</u>				<u>(513)</u>
LOSS BEFORE TAXATION			(4,706)		(7,796)		(12,502)
Tax on loss			<u>978</u>				<u>978</u>
LOSS FOR THE FINANCIAL YEAR			<u><u>(3,728)</u></u>		<u><u>(7,796)</u></u>		<u><u>(11,524)</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

22. RESTATEMENT NOTE - continued

Restated Balance Sheet as at 31st December 2019

	Notes	£'000	Original 2019 £'000	£'000	Difference 2019 £'000	£'000	Restated 2019 £'000
FIXED ASSETS							
Intangible assets			4,779		-		4,779
Tangible assets			9,412		-		9,412
Investments			23,039		-		23,039
TOTAL FIXED ASSETS			37,230		-		37,230
CURRENT ASSETS							
Stocks		20,228				20,228	
Debtors		32,114				32,114	
Cash at bank and in hand		9,253				9,253	
		61,595				61,595	
CREDITORS							
Amounts falling due within one year	2	(58,199)		(7,796)		(65,995)	
NET CURRENT (LIABILITIES) / ASSETS			3,396		(7,796)		(4,400)
TOTAL ASSETS LESS CURRENT LIABILITIES			40,626		(7,796)		32,830
CREDITORS							
Amounts falling due after more than one year			(7,604)		-		(7,604)
PROVISIONS FOR LIABILITIES			(1,666)		-		(1,666)
NET ASSETS			31,356		(7,796)		23,560
CAPITAL AND RESERVES							
Called up share capital			147		-		147
Share premium account			41,188		-		41,188
Accumulated losses	3		(9,979)		(7,796)		(17,775)
TOTAL SHAREHOLDERS' FUND			31,356		(7,796)		23,560

22. RESTATEMENT NOTE - continued

Notes

1. An adjustment of £7,796k to exceptional items, reversing the gain on the write-off of intercompany creditor balances.
2. An adjustment of £7,796k to increase the amounts owed to group undertakings within creditors: amounts falling due after more than one year.
3. Accumulated losses have increased by £7,796k, reflecting the reversal of the exceptional gain.