

Brigade Electronics (UK) Limited

Report and Financial Statements

Year Ended

31 January 2020

Company Number 01261602

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Brigade Electronics (UK) Limited

Report and financial statements for the year ended 31 January 2020

Contents

Page:

1	Strategic report
4	Directors' report
5	Directors' responsibilities statement
6	Independent auditor's report
9	Statement of Comprehensive Income
10	Statement of Financial Position
11	Statement of Changes in Equity
12	Notes forming part of the financial statements

Directors

C P Hanson-Abbott
P J Hanson-Abbott
T C Brett
J L D Harris (resigned 30 April 2020)
M Palmer (appointed 1 May 2020)

Secretary and registered office

M Palmer

Brigade House, The Mills, Station Road, South Darenth, Kent, DA4 9BD

Company number

01261602

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 OPA

Bankers

HSBC Bank plc, 90 Baker Street, London, W1U 6AX

Brigade Electronics (UK) Limited

Strategic report for the year ended 31 January 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 January 2020.

Principal activities

The principal activity of Brigade Electronics (UK) Limited is the marketing and distribution of vehicle and mobile machinery safety systems. The Company participates with other companies in the Brigade Group of companies in the design and development of these products.

The Company is part of the Brigade Group of companies and shares the vision of a world in which technology has eliminated vehicle and mobile machinery collisions. To work towards this vision the Brigade Group's mission is to use current and emergent technology in the development, global marketing and distribution of products that will reduce commercial vehicle and mobile machinery collisions.

The Group's strategy includes both investment in its own research and development ("R&D") and general engineering capabilities, and also maintaining and developing partnerships with technology specialists so as to deliver innovative new solutions to safety problems faced by vehicle and mobile machinery operators.

The directors believe that working to achieve these strategic objectives in a commercial way will make the Company economically successful for the benefit of all stakeholders including shareholders and staff. The commitment of staff is crucial and their contribution is recognised and rewarded through performance bonus schemes applicable to all.

Risks and uncertainties

Market and credit risk

The Company supplies safety products to a wide range of customers and markets thereby minimising the risk in a single market or the failure of any one customer.

Supply chain and currency risk

The Company is supplied through Group arrangements which includes a centralised, UK based, warehouse and distribution facility. In addition, inventory purchases are made from different suppliers in a number of different countries, which reduces the risk regarding supply disruption. Purchases and sales are dependent upon different currencies, which carries a consequential vulnerability to exchange rate fluctuations. However, risk to margin is managed through relatively short timescales and through sales price changes.

Covid -19 Risk

At the date of this report the impact of Covid-19 on the global economy has been severe. Several businesses in different geographical regions have been or are likely to cease or limit their operations. The measures taken by local governments to contain the spread of the virus and close all non-essential businesses has contributed to the economic decline with widespread disruption to many other connected businesses.

The duration and impact of the COVID-19 pandemic, at this time, still remains unclear. The major risk is a second spike with infections which result in further lockdowns impeding any economic recovery. It is not possible to reliably predict with any accuracy whether this will or will not occur nor is it possible to evaluate the impact of COVID-19 on the financial position and results of the Company for future periods.

The Company has not been immune to this pandemic and results in April 2020 have seen sales decline by 73% compared to the prior year. There has been a slow recovery in sales as restrictions within the UK have been lifted but the downturn will have an impact on the results for the financial year ending 31st January 2021. The Company has been swift in its response to this crisis; all recruitment put on hold, all travel banned, and all planned exhibitions cancelled in order to reduce costs and preserve cash. So far, these measures have been effective and are continually monitored. The directors are confident that the measures put in place will help minimise the financial impact to the business as well as continuing to invest in its people and products so that it emerges from this period of uncertainty well placed to continue working towards its vision.

Brigade Electronics (UK) Limited

Strategic report for the year ended 31 January 2020 (continued)

Review of the business

2020 was another year of growth, with sales increasing by 6% (2019: 1% increase) over the year to £15.6m (2019: £14.7m). The continuing uncertainty over Brexit, and the lack of clarity about future trade deals with other countries, has seen slowdowns or delays in major infrastructure projects which impact on the capital investment in commercial vehicles which restricts the growth opportunities for the Company. The development of the Direct Vision Standard by Transport for London presented opportunities within this year for early adopters and will continue to drive sales into the next financial year. The Company's performance continues to reflect the benefits customers derive from Brigade products and post-sale support. Gross profit increased to £7.64m (2019: £7.28m) and the margin remained level at 49.0% (2019: 49.6%). Maintenance of the margin has been a focus given Brexit, but also reflects the on-going management of annual variances from product and customer mix. Staffing levels have also been maintained with an average of 31 (2019: 30). As with prior years, the Company's outlook is on sales and technical resource, both enabling support of customer needs.

Key performance Indicators ("KPI's")

The Company uses a variety of KPIs, calculated monthly, to monitor the business. These KPIs include the monitoring of sales, margins, debtors and cash, variances on which allow immediate investigation and action if required.

Financial KPIs

Sales - The Company's continued success is illustrated by maintaining sales of £15.6m in a cautious market, influenced by concerns over Brexit and political uncertainty.

Gross profit margin – The Company strives to improve efficiency and controls over gross margins and to manage negative influences on it. The gross profit margin achieved in the year was 49.0% (2019: 49.6%). This reflects the management of the Brexit vote consequences, as well as the inevitable annual variances arising from exchange rate movements, product mix, customer mix and market pressures.

Non-Financial KPIs

Product Quality – The Company has a commitment to quality and warranty return rates of products are measured and used to identify any areas requiring action to sustain the high quality of the Company's products.

Customer Satisfaction – The Company is committed to providing exceptional customer service and records issues and feedback to monitor this business aspect. Significant investment in resources has been made during the year in this important area.

Sales of bbs-tek Broadband Sound - bbs-tek Broadband Sound (aka "white sound") alarms are demonstrably safer than old style tonal alarms, and the Company is committed to increasing sales volumes of these products.

Outlook

The Company will continue working towards its vision of a world in which technology has eliminated vehicle and mobile machinery collisions. The Company intends to maintain its attention to customer needs by continuing to invest in customer facing and support activities.

Brexit

The Company continues to review and assess the potential impact of future trading that will result from the UK's decision to leave the European Union. Political negotiations are being monitored and potential action plans are being explored. The Company's objective is to mitigate risks to the business, whilst also responding in a balanced and considered manner to avoid unnecessarily spending time and money, which otherwise could have been invested in other business growth activities.

Brigade Electronics (UK) Limited

**Strategic report
for the year ended 31 January 2020 (*continued*)**

Coronavirus

As reported above the current pandemic will impact on the results for the next financial year but this cannot be reliably estimated at this stage. The Company continues to monitor its results but more importantly its working capital during this crisis. Current results show the financial performance and position of the Company is in line with expectations and the directors remain cautiously optimistic about the future.

This report was approved by the board on 2nd July 2020 and signed on its behalf.



M Palmer
Company Secretary

Brigade Electronics (UK) Limited

Directors' report for the year ended 31 January 2020

The directors present their report and the financial statements for the year ended 31 January 2020.

Results and dividends

The results for the year are shown on the Statement of Comprehensive Income on page 8. Company profit for the year after taxation was £2,209,724 (2019: £2,220,017).

An interim dividend of £2,290,000 (£3.94 per share) was paid in the year (2019: £2,160,000; £3.72 per share).

Directors

The Directors who served during the year were:

C P Hanson-Abbott – Chairman
T C Brett - Managing Director
P J Hanson-Abbott - Executive Director
J L D Harris – Executive Director (resigned 30 April 2020)
M Palmer – Executive Director (appointed 1 May 2020)

Employees

Arrangements exist to keep all employees informed on matters of concern to them and information on the performance of the Company is widely disseminated. Employees are encouraged to be concerned with the performance of the Company and sales and profit-related bonus schemes operate to emphasise this.

Post balance sheet events

The Covid-19 pandemic is a significant event affecting not only the Company but also the global economy. Whilst the Company has gone through an extensive exercise to forecast the impact of this crisis and put in place measures to protect the Company there does remain uncertainty as to the duration and outcome of this crisis. The directors have considered the potential impact of Covid-19 and have determined that there are no adjustments to be made to these financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically reappointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their reappointment.

This report was approved by the board on 2nd July 2020 and signed on its behalf.



M Palmer
Company Secretary and Director

Brigade Electronics (UK) Limited

Directors' responsibilities statement for the year ended 31 January 2020

The directors are responsible for preparing the strategic and the directors' reports and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Brigade Electronics (UK) Limited

Independent auditor's report

TO MEMBERS OF BRIGADE ELECTRONICS (UK) LIMITED

Opinion

We have audited the financial statements of Brigade Electronics (UK) Limited ("the Company") for the year ended 31 January 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and Notes forming part of the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Brigade Electronics (UK) Limited

Independent auditor's report (*continued*)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Brigade Electronics (UK) Limited

Independent auditor's report (*continued*)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

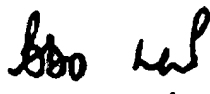
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



*John Everingham (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom*

Date 03 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Brigade Electronics (UK) Limited

Statement of Comprehensive Income for the year ended 31 January 2020

	Note	2020 £	2019 £
Turnover	3	15,573,882	14,674,302
Cost of sales		(7,935,205)	(7,397,229)
Gross profit		7,638,677	7,277,073
Distribution costs		(1,204,905)	(1,226,537)
Administrative expenses		(3,728,190)	(3,352,176)
Operating profit	6	2,705,582	2,698,360
Interest receivable and similar income		2,507	879
Interest payable and similar charges		(15)	(729)
Profit on ordinary activities before taxation		2,708,074	2,698,510
Taxation charge on profit from ordinary activities	7	(498,350)	(478,493)
Profit for the year		2,209,724	2,220,017
Other comprehensive income		-	-
Total comprehensive income for the year		2,209,724	2,220,017

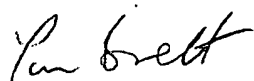
The notes on pages 12 to 20 form part of these financial statements.

Brigade Electronics (UK) Limited

Statement of Financial Position at 31 January 2020

<i>Company number 01261602</i>	<i>Note</i>	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	9		205,875		230,051
Current assets					
Debtors	10	2,397,706		3,007,214	
Cash at bank and in hand		941,357		207,760	
		<u>3,339,063</u>		<u>3,214,974</u>	
Creditors: amounts falling due within one year	11	<u>(1,725,249)</u>		<u>(1,545,060)</u>	
Net current assets			<u>1,613,814</u>		<u>1,669,914</u>
Net assets			<u>1,819,689</u>		<u>1,899,965</u>
Capital and reserves					
Called up share capital	13,14		581,200		581,200
Capital redemption reserve	14		20,000		20,000
Profit and loss account	14		1,218,489		1,298,765
Shareholders' funds			<u>1,819,689</u>		<u>1,899,965</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2nd July 2020



T C Brett
Director

The notes on pages 12 to 20 form part of these financial statements.

Brigade Electronics (UK) Limited

Statement of Changes in Equity for the year ended 31 January 2020

	Note	Share capital £	Capital redemption reserve £	Profit & loss account £	Total equity £
As at 1 February 2019		581,200	20,000	1,298,765	1,899,965
<i>Comprehensive income for the year</i>		-	-	2,209,724	2,209,724
Profit for the year		-	-	2,209,724	2,209,724
Total comprehensive income for the year		-	-	2,209,724	2,209,724
Total contributions by and distributions to owners		-	-	(2,290,000)	(2,290,000)
As at 31 January 2020	15	581,200	20,000	1,218,489	1,819,689
As at 1 February 2018		581,200	20,000	1,238,748	1,839,948
<i>Comprehensive income for the year</i>		-	-	2,220,017	2,220,017
Profit for the year		-	-	2,220,017	2,220,017
Total comprehensive income for the year		-	-	2,220,017	2,220,017
Total contributions by and distributions to owners		-	-	(2,160,000)	(2,160,000)
As at 31 January 2019	15	581,200	20,000	1,298,765	1,899,965

The notes on pages 12 to 20 form part of these financial statements.

Brigade Electronics (UK) Limited

Notes forming part of the financial statements for the year ended 31 January 2020

1 Accounting policies

Company Information

Brigade Electronics (UK) Limited is a Company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activity is the marketing and distribution of vehicle and mobile machinery safety systems.

Basis of preparation of financial statements

The financial statements have been prepared in Pounds Sterling ("GBP") and under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

In preparing the financial statements the directors are required to assess the Group's ability to continue to trade as a going concern for the foreseeable future.

As at the date of signing these financial statements, the impact of the COVID19 pandemic on world economies and thus the impact this would have on the future financial results of the Group is unknown. In undertaking their assessment, the directors have given due consideration to the Group's cash position, historical and current trading, together with forward looking projections.

The various government imposed actions to combat the pandemic such as the lockdowns imposed in a number of the key territories in which we operate, may lead to a material reduction in the level of revenue, difficulties in obtaining the supply of components for our products, delays in the manufacture of those products and a reduction in the recovery of the amounts owed by our customers. The Group benefits from a portfolio effect as it operates in numerous jurisdictions and is thus not confined to the fortunes of one particular territory.

The Directors have reviewed the cash flow forecasts and based on their best assessment believe that the Group will have sufficient financing to ensure cash flows for the next twelve months. As such, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FRS 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 :

- the requirements of Section 3 - Financial Statement Presentation paragraph 3.17 (d)
- the requirements of Section 7 - Statement of Cash Flows
- the requirements of Section 11 - Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Section 12 - Other Financial Instruments paragraphs 12.26 to 12.29

Where applicable, this information is included in the consolidated financial statements of Brigade Holdings Limited as at 31 January 2020 and these financial statements may be obtained from Companies House.

The following principal accounting policies have been applied:-

Revenue

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

Brigade Electronics (UK) Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (*continued*)

1 Accounting policies (*continued*)

Revenue (continued)

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

Tangible fixed assets

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

At each reporting date, the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. Depreciation is provided on the following bases:

Motor vehicles	- 25% on cost
Equipment, fixtures and fittings - computer equipment	- 25% reducing balance
Equipment, fixtures and fittings - other	- 15% reducing balance

Stock

Stocks are valued at the lower of cost and estimated net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Debtors

Short term debtors are measured at transaction prices, less any impairment.

Cash and cash equivalents

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

Brigade Electronics (UK) Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (continued)

1 Accounting policies (continued)

Creditors

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

Foreign currency translation

a) *Functional and presentational currency* - The Company's functional and presentational currency is GBP.

b) *Foreign currency translation*

Foreign currency transactions are translated into the functional currency using the spot rate at the dates of the transactions. Spot rates are generally estimated as the same rate throughout the month, except for significantly large transactions. At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Pension scheme

The Company provides a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. Contributions to this scheme are charged to the Statement of Comprehensive Income as they become payable. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.

Operating leases

Operating leases are charged on a straight-line basis over the term of the lease.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholder.

Current and deferred taxation

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

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

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)

2 Judgements in applying accounting policies

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets (see note 9)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Going concern

In light of the Covid 19 pandemic and the severe impact on the global economy there remains uncertainty about the economic recovery. Factors considered include further outbreaks of the virus, the impact on the future capital expenditure within the commercial vehicle market and the rate of economic recovery.

3 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

	2020 £	2019 £
Turnover analysed by geographical area:		
- UK	15,358,514	14,500,851
- Overseas	215,368	173,451
	<u>15,573,882</u>	<u>14,674,302</u>

4 Employees

	2020 £	2019 £
Staff costs (including directors) consist of:		
Wages and salaries	1,200,797	1,157,026
Social security costs	115,147	140,185
Other pension costs	116,168	92,609
	<u>1,432,112</u>	<u>1,389,820</u>

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)

4 Employees (continued)

A defined contribution pension scheme is operated by the Company on behalf of the employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions amounting to £10,938 (2019: £7,580) were payable to the fund and are included in creditors.

The average number of persons employed during the year, including executive directors, was made up as follows:

	2020 Number	2019 Number
Sales and marketing	16	15
Administration and technical	15	15
	<u>31</u>	<u>30</u>

5 Directors' emoluments

	2020 £	2019 £
Emoluments	-	121,373
Company contributions to pension scheme	-	21,961
	<u>-</u>	<u>143,334</u>

Amounts paid in respect of the highest paid director are as follows:

Emoluments	-	121,373
	<u>-</u>	<u>121,373</u>

During the year all directors were paid by the parent company, Brigade Electronics Group PLC.

6 Operating profit

	2020 £	2019 £
This has been arrived at after charging/(crediting):		
Depreciation of owned assets	101,638	101,730
Profit on disposal of tangible fixed assets	(6,799)	(8,649)
Defined contribution pension cost	116,168	92,609
Payments to auditors:		
- audit fee	8,917	6,577
	<u>8,917</u>	<u>6,577</u>

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (*continued*)

7 Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(505,605)	(491,843)
Adjustment in respect of previous periods	(563)	-
	<hr/>	<hr/>
Total taxation charge on profit on ordinary activities	(506,169)	(491,843)
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	3,276	2,152
Adjustment in respect of previous period	4,542	11,198
	<hr/>	<hr/>
Total deferred tax	7,818	13,350
	<hr/>	<hr/>
Total taxation charge	(498,350)	(478,493)
	<hr/>	<hr/>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below.

	2020 £	2019 £
Profit on ordinary activities before tax	2,708,075	2,698,510
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19% (2019: 19%)	(514,534)	(512,717)
Effects of:		
Disallowable (expenses) / credit	(5,532)	(9,908)
Patent box relief	17,737	32,934
Capital allowances for the year less than depreciation		
Adjustment to previous period	3,979	11,198
	<hr/>	<hr/>
Total tax charge for the year	(498,350)	(478,493)
	<hr/>	<hr/>

Factors that may affect future tax charges

The decision announced in the March 2015 budget and affirmed in the March 2017 budget to reduce the UK tax rate from 19% to 17% with effect from 1 April 2020 was reversed subsequent to year end and a rate of 19% was substantially enacted to now take effect from 1 April 2020.

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (*continued*)

8 Dividends

	2020 £	2019 £
On equity shares		
Interim dividends of £3.94 per share (2019: £3.72 per share) in respect of the year ended 31 January 2020	2,290,000	2,160,000

9 Tangible assets

	Motor vehicles £	Equipment, fixtures and fittings £	Total £
<i>Cost</i>			
At 1 February 2019	405,345	28,821	434,166
Additions	78,290	14,473	92,764
Disposals	(48,830)	-	(48,830)
At 31 January 2020	434,805	43,294	478,100
<i>Depreciation</i>			
At 1 February 2019	188,884	15,231	204,115
Charge for the year	97,071	4,568	101,638
Adjustments for disposals	(33,529)	-	(33,529)
At 31 January 2020	252,425	19,799	272,224
<i>Net book value</i>			
At 31 January 2020	182,380	23,495	205,875
At 31 January 2019	216,461	13,590	230,051

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)

10 Debtors

	2020 £	2019 £
Trade debtors	2,333,468	2,973,628
Prepaid expenses and accrued income	43,070	20,236
Deferred tax asset	21,168	13,350
	<u>2,397,706</u>	<u>3,007,214</u>

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	76,998	53,861
Amounts owed to group companies	1,024,152	894,457
Corporation tax	188,787	143,011
Other taxes and social security	267,459	311,793
Accruals and deferred income	167,853	141,938
	<u>1,725,249</u>	<u>1,545,060</u>

12 Deferred Taxation

	Deferred Taxation £
At 1 February 2019	13,350
Credited to the Statement of Comprehensive Income (note 7)	7,818
	<u>21,168</u>
At 31 January 2020	<u>21,168</u>

The components of the deferred tax asset are as follows:

	2020 £	2019 £
Decelerated capital allowances	19,288	12,752
Short term timing differences	1,880	598
	<u>21,168</u>	<u>13,350</u>

13 Share capital

	2020 Number	Allotted, called up and fully paid 2019 Number	2020 £	2019 £
Ordinary 'A' shares of £1 each	581,200	581,200	581,200	581,200
	<u>581,200</u>	<u>581,200</u>	<u>581,200</u>	<u>581,200</u>

Brigade Electronics (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)**

14 Reserves

The Company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of shares issued.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

15 Contingent liabilities

The company is a party to the group's funding and credit facilities, under which there are cross guarantees, a fixed and floating charge and indemnities. At the 31 January 2020 the company's liability for other group companies was £Nil (2019 - £Nil). The company's contingent liabilities under documentary credits as 31 January was £Nil (2019 - £Nil).

16 Post Balance Sheet Events

The outbreak and unprecedented spread of the Corona virus pandemic across the globe has had a profound impact on local and global markets in a matter of weeks and is expected to continue to shape the economic landscape for the immediate future. The Directors continue to monitor closely the impact of unfolding events in order to respond swiftly to any consequential implications on the business.

17 Related party transactions

In accordance with the exemption conferred by FRS 102 Section 33, transactions with other Group companies are not disclosed in these financial statements.

18 Ultimate parent company

The Company is a wholly owned subsidiary of Brigade Electronics Group plc which is ultimately owned by Brigade Holdings Limited.

The ultimate controlling party is C P Hanson-Abbott.