

Brigade Electronics (UK) Limited

Annual Report

Year Ended

31 January 2023

Company Number 01261602



Brigade Electronics (UK) Limited

Report and financial statements for the year ended 31 January 2023

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
M Palmer
P M Squire

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 0PA

Bankers

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

Brigade Electronics (UK) Limited

Strategic report for the year ended 31 January 2023

The directors present their strategic report for the year ended 31 January 2023.

Principal activities

The principal activity of Brigade Electronics (UK) Limited (the "Company") is the marketing and distribution of commercial vehicle and mobile machinery safety systems.

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. Working towards this vision the Group's mission is to use current and emergent technology in the design, development, global marketing and distribution of products that will reduce commercial vehicle and mobile machinery collisions.

The Group's strategy includes investment in the Group's own research and development ("R&D") and general engineering capabilities as well as 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 the Brigade Electronics (UK) Limited will continue to be highly successful financially through commercialisation of its activities in striving to achieve its strategic objectives. This financial success is reinvested in the business, and rewards are shared by the shareholders and the Group's staff. The commitment of staff is crucial, and remuneration packages include team bonus rewards that are based on achievement of both sales and profitability targets.

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

The business operates in industries that were remarkably resilient to Covid-19 which means we have seen an increase in demand for our products. The impact of Covid-19 has been mainly social and economic, we have seen shifts in workplace dynamics and expectations which is reflected in the wider economy. Recognition of these changes and the need to adapt demonstrates our commitment to staying relevant and appealing to both our customers and our people. We are a business that relies on our people, so it is essential for us to be an employer of choice to enable us to succeed in attracting and retaining talent. We have learnt from the Covid-19 experience that we need to remain flexible and innovative as a Company.

Russian invasion of Ukraine

The invasion and the continuing sanctions imposed have had a huge impact on the global economy specifically on inflation and foreign currency rates. We have seen an impact on the global supply chain for customers involved in new vehicle production which will inevitably have an impact on the demand for our products and therefore our inventory management. A large focus will be placed on reducing inventory in the new financial year. The other impact from the Russia-Ukraine war has been the rising cost of energy and food directly impacting our people and placing increasing pressure on wages and inflation in our cost base. As a business we continue to explore ways to optimise our energy usage so that the impact on our results is minimised.

Brigade Electronics (UK) Limited

Strategic report for the year ended 31 January 2023 (continued)

Review of the business

The year started in difficult circumstances, the Company was still facing issues created from the cyber incident in 2021 and this impacted on stock availability in the first half of the year causing several tensions with customers. We worked through these difficulties, significantly improving our order fulfilment rates through better stock management whilst also reducing customer complaints. Prior year sales had benefitted from the continued demand for Direct Vision Standard (DVS) related products which did not carry into this financial year in the same volume. The directors are slightly disappointed to report that sales slightly decreased by 1% (2022: increase of 15%) to £17.29m (2022: £17.36m), still demonstrating the resilience within the industry that Brigade Group operates in, and the continued appreciation of the benefits derived from Brigade Group products and customer support.

The Company's performance continues to reflect the benefits customers derive from Brigade Group products and post-sales support. Gross profit decreased to £8.51m (2022: £9.16m) driven by an increase in supplier prices coupled with a strong USD which was not fully passed onto customers. As a result, the gross margin fell to 49.23% (2022: 52.74%). Staffing levels have been increased with an average of 41 employees (2022: 36), all the increase has been within administration and technical to help support the growth plans of the Company.

Key performance Indicators (KPI's)

The Company uses a variety of KPIs, calculated monthly, to monitor the business. These KPIs include sales, margins, debtors, stock, cash and breakeven turnover, which allow identification of weakness and corrective action to be implemented if required.

Financial KPIs

Sales - The Company was unable to surpass the record sales in the prior year and only fell slightly short at £17.29m (2022: £17.36m). Prior year sales benefitted from a strong sales performance in the first half of the financial year where the Company was still benefitting from the sustained DVS demand in the UK.

Gross profit margin – The gross profit margin in the year was 49.23% (2022: 52.74%). Whilst the Company strives through its strategy and activities to improve efficiency and control the gross margin, some year-on-year variation is inevitable reflecting exchange rate movements, product mix, customer mix and market pressures during each individual year. The Group suffered from a strong USD which pushed up the price of products, this is the primary reason for the fall in overall margin.

Non-Financial KPIs

Product Quality – The Company has a commitment to quality and warranty return rates 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. Customer satisfaction did suffer in the prior year due to the cyber incident and loss of IT systems. Throughout this financial year the Company has prioritised customer experience with investment in supply chain management and IT systems. As part of the Group's initiative to monitor and track customer satisfaction the Company was part of an international customer survey to measure customer NPS (Net Promoter Score). The UK achieved a respectable NPS score of 64.

Brigade Electronics (UK) Limited

Strategic report
for the year ended 31 January 2023 (continued)

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.

This report was approved by the board on 19 October 2023 and signed on its behalf.



M Palmer
Company Secretary and Director

Brigade Electronics (UK) Limited

Directors' report for the year ended 31 January 2023

The directors present their report and the financial statements for the year ended 31 January 2023.

Results and dividends

The results for the year are shown on the Statement of Comprehensive Income on page 9. Company profit for the year after taxation was £743,717 (2022: £3,103,362).

No interim dividend was paid in the year (2022: £1,500,000 (£2.58 per share)).

Directors

The Directors who served during the year were:

C P Hanson-Abbott – Chairman
P J Hanson-Abbott – Executive Director
M Palmer – Executive Director
P M Squire – Managing Director

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.

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 19 October 2023 and signed on its behalf.



M Palmer
Company Secretary and Director

Brigade Electronics (UK) Limited

Directors' responsibilities statement for the year ended 31 January 2023

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGADE ELECTRONICS (UK) LIMITED

Qualified Opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 January 2023 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Brigade Electronics (UK) Limited ("the Company") for the year ended 31 January 2023 which comprise Statement of Financial Position, Statement of Comprehensive Income, the Company Statement of Changes in Equity, the Cashflow Statement and notes to 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).

Basis for qualified opinion

The Company suffered a ransomware attack during the year ended 31 January 2022 resulting in the encryption of all on the Company's servers including accounting systems and records for the period between 1 February 2021 and 2 August 2021. For the year ended 31 January 2022 we were unable to access the encrypted data, and were unable to obtain sufficient and appropriate audit evidence regarding transactions within the Statement of Comprehensive Income, the Cash Flow Statement and related notes to the financial statements, and due to the linkage between transactions in the Statement of Comprehensive Income and the Company Statements of Financial Position, we were not able to conclude on the completeness of balances contained therein. As a result, we did not express an opinion on the financial statements of the Company for the year ended 31 January 2022.

Our opinion on the financial statements for the year ended 31 January 2023 is modified because we have been unable to determine whether there was any consequential effect of this disclaimer on the balances included in the Statement of Comprehensive Income, the Cash Flow Statement and related notes to the financial statements in respect of the year ended 31 January 2023. Our opinion on the financial statements for the year ended 31 January 2023 is also modified because of the possible effect of these matters on the comparability of the current period's figures and the corresponding figures. In addition, were any adjustments to be required to these balances, the strategic report and the directors report would also need to be amended.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

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.

Brigade Electronics (UK) Limited

Independent auditor's report (*continued*)

Conclusions relating to going concern

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.

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.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the basis for qualified opinion section of our report, we did not express an opinion on the financial statements of the Company as at 31 January 2022 and we are unable to satisfy ourselves as to whether there was any consequential effect on the balances included within the Statement of Comprehensive Income or the Cash Flow Statement for the year ended 31 January 2023. We have concluded that where the other information refers to any such balances, it may be materially misstated for the same reason.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Except for the possible effects of the matter described in the basis for qualified opinion section

of our report, 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 or the Directors' report.

Arising from the limitation on the scope of our work referred to above we have not obtained all of the information and explanations that we considered necessary for the purpose of our audit.

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:

Brigade Electronics (UK) Limited

Independent auditor's report *(continued)*

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

Responsibilities of Directors

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

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- enquiring of management, and the board of directors, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition;
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act, and relevant tax legislation.

Brigade Electronics (UK) Limited


Independent auditor's report (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

A further description of our responsibilities is available on 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

552C84ADC61E458...

Michael Philp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
19 October 2023

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 2023

	Note	2023 £	2022 £
Turnover	3	17,289,053	17,358,549
Cost of sales		(8,777,075)	(8,203,439)
Gross profit		8,511,978	9,155,110
Distribution costs		(1,591,610)	(1,221,909)
Administrative expenses		(5,987,483)	(4,477,422)
Operating profit	6	932,885	3,455,779
Interest receivable and similar income		1,031	1,801
Interest payable and similar charges		(121)	(80)
Profit on ordinary activities before taxation		933,795	3,457,500
Taxation charge on profit from ordinary activities	7	(190,078)	(354,138)
Profit for the year		743,717	3,103,362
Other comprehensive income		-	-
Total comprehensive income for the year		743,717	3,103,362

All amounts relate to continuing activities.

The notes on pages 13 to 22 form part of these financial statements.

Brigade Electronics (UK) Limited

Statement of Financial Position at 31 January 2023

Company number 01261602	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	9		196,857		181,075
Current assets					
Stocks	10	2,219,500		2,938,571	
Debtors	11	3,551,730		3,409,866	
Cash at bank and in hand		894,031		1,505,496	
		<u>6,665,261</u>		<u>7,853,933</u>	
Creditors: amounts falling due within one year	12	<u>(1,856,437)</u>		<u>(3,773,044)</u>	
Net current assets			<u>4,808,824</u>		<u>4,080,889</u>
Net assets			<u>5,005,681</u>		<u>4,261,964</u>
Capital and reserves					
Called up share capital	14,15		581,200		581,200
Capital redemption reserve	15		20,000		20,000
Profit and loss account	15		4,404,481		3,660,764
Shareholders' funds			<u>5,005,681</u>		<u>4,261,964</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2023



M Palmer
Director

The notes on pages 13 to 22 form part of these financial statements:

Brigade Electronics (UK) Limited

Statement of Changes in Equity for the year ended 31 January 2023

	Note	Share capital £	Capital redemption reserve £	Profit & loss account £	Total equity £
As at 1 February 2022		581,200	20,000	3,660,764	4,261,964
<i>Comprehensive income for the year</i>		-	-	743,717	743,717
Profit for the year		-	-	743,717	743,717
Total comprehensive income for the year		-	-	743,717	743,717
Total contributions by and distributions to owners		-	-	-	-
As at 31 January 2023	14	581,200	20,000	4,404,481	5,005,681
As at 1 February 2021		581,200	20,000	2,057,402	2,658,602
<i>Comprehensive income for the year</i>		-	-	3,103,362	3,103,362
Profit for the year		-	-	3,103,362	3,103,362
Total comprehensive income for the year		-	-	3,103,362	3,103,362
Total contributions by and distributions to owners		-	-	(1,500,000)	(1,500,000)
As at 31 January 2022	14	581,200	20,000	3,660,764	4,261,964

The notes on pages 13 to 22 form part of these financial statements.

Brigade Electronics (UK) Limited

Notes forming part of the financial statements for the year ended 31 January 2023

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 Company's ability to continue to trade as a going concern for the foreseeable future. The Company is part of the Brigade Group and is included in the consolidated financial statements of Brigade Holdings Limited ("Group" or "Brigade Group") as at 31 January 2023 and these financial statements may be obtained from Companies House.

As at the date of signing these financial statements, there is still uncertainty about geopolitical events which are continuing to impact global supply chains, energy costs and inflation in all world economies which are likely to have an impact on the future financial results of the Group. 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.

Geopolitical events 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 2023 and these financial statements may be obtained from Companies House.

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2023 (*continued*)

1 Accounting policies (*continued*)

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:

- 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

During the previous financial year a decision was made to transfer stock from Brigade Electronics Group Plc into the Company. Greater control over stock is seen as a key success factor to help facilitate growth in the future.

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.

Brigade Electronics (UK) Limited

Notes forming part of the financial statements for the year ended 31 January 2023 (*continued*)

1 Accounting policies (*continued*)

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.

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.

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2023 (continued)

1 Accounting policies (continued)

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.

2 Judgements in applying accounting policies

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

(a) Useful lives of intangible and tangible fixed assets.

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.

(b) Inventory

The Company reviews the net realisable value of, and demand for, their inventory on a regular basis and particularly at the year-end. Factors such as technological innovation, supplier pricing, competitor activities and economic environments have an impact on the judgements made in reporting inventory at the lower of cost and net realisable value.

(c) Going concern

Geopolitical events have severely impacted the global economy and there remains uncertainty about the economic recovery. Factors considered include 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.

	2023 £	2022 £
Turnover analysed by geographical area:		
- UK	16,986,128	17,148,352
- Overseas	302,925	210,197
	<hr/>	<hr/>
	17,289,053	17,358,549
	<hr/>	<hr/>

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2023 (continued)

4 Employees

	2023 £	2022 £
Staff costs (including directors) consist of:		
Wages and salaries	1,584,914	1,462,859
Social security costs	178,205	166,573
Other pension costs	144,386	120,935
	<u>1,907,505</u>	<u>1,750,367</u>

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 £14,267 (2022: £11,458) 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:

	2023 Number	2022 Number
Sales and marketing	18	18
Administration and technical	23	18
	<u>41</u>	<u>36</u>

5 Directors' emoluments

	2023 £	2022 £
Emoluments	210,064	185,088
Company contributions to pension scheme	13,083	10,145
	<u>223,147</u>	<u>195,232</u>

During the financial year to 31 January 2021 there was a change in Directors and subsequently a change in which company they were remunerated. The financial year to 31 January 2023 represents the annual remuneration to Directors paid within this company. There is only one paid Director through Brigade Electronics UK Ltd and is therefore the highest paid. The other directors are paid by the parent entity Brigade Electronics Group PLC.

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2023 (continued)

6	Operating profit	2023	2022
		£	£
	This has been arrived at after charging/(crediting):		
	Depreciation of owned assets	86,735	86,216
	Profit on disposal of tangible fixed assets	(21,465)	(30,052)
	Defined contribution pension cost	144,386	120,935
	Payments to auditors:		
	- audit fee	11,345	9,076
		<hr/>	<hr/>
7	Taxation	2023	2022
		£	£
	Corporation tax		
	UK corporation tax	(173,323)	(656,598)
	Adjustment in respect of group relief	-	301,825
	Adjustment in respect of prior periods	(8,746)	-
		<hr/>	<hr/>
	Total taxation charge on profit on ordinary activities	(182,069)	(354,773)
		<hr/>	<hr/>
	Deferred tax		
	Origination and reversal of timing differences	(8,163)	(5,096)
	Adjustment in respect of previous period	154	(8)
	Effect of tax rate change on opening balance	-	5,739
		<hr/>	<hr/>
	Total deferred tax	(8,009)	635
		<hr/>	<hr/>
	Total taxation charge	(190,078)	(354,138)
		<hr/>	<hr/>

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2022 (continued)

7 Taxation (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2022: higher than) due to group relief adjustment, the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below.

	2023 £	2022 £
Profit on ordinary activities before tax	933,795	3,457,500
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% after group relief (2022: 19%)	(177,421)	(353,176)
Effects of:		
Disallowable (Expenses) / Credit	(1,251)	(5,464)
Super deduction	-	1,918
Changes in provisions	(1,484)	-
Adjustment to previous period	(8,592)	(8)
Short term timing differences	(1,381)	-
Remeasurement of deferred tax for tax rate changes	-	4,516
Foreign tax	51	-
Taxation on profit from ordinary activities	(190,078)	(354,138)

Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the budget on 3 March 2021, was substantively enacted on 11 March 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the Company's future tax charge accordingly. The deferred tax balances have been remeasured using the rates expected to apply in the reporting periods when the timing differences reverse which for the Company is 25%.

8 Dividends

	2023 £	2022 £
On equity shares		
Interim dividends of £nil per share (2022: £2.58 per share) in respect of the year ended 31 January	-	1,500,000

Brigade Electronics (UK) Limited

Notes forming part of the financial statements
for the year ended 31 January 2023 (continued)

9 Tangible assets

	Motor vehicles £	Equipment, fixtures and fittings £	Total £
<i>Cost</i>			
At 1 February 2022	377,308	57,121	434,429
Additions	84,544	17,974	102,518
Disposals	(40,800)	-	(40,800)
At 31 January 2023	421,052	75,095	496,147
<i>Depreciation</i>			
At 1 February 2022	219,735	33,621	253,356
Charge for the year	77,144	9,590	86,734
Adjustments for disposals	(40,800)	-	(40,800)
At 31 January 2023	256,079	43,211	299,290
<i>Net book value</i>			
At 31 January 2023	164,973	31,884	196,857
At 31 January 2022	157,573	23,502	181,075

10 Stocks

	2023 £	2022 £
Finished goods and goods for resale	2,219,500	2,938,571

11 Debtors

	2023 £	2022 £
Trade debtors	3,007,119	3,162,917
Prepaid expenses and accrued income	111,972	49,527
Corporation tax recoverable	421,833	178,607
Deferred tax asset (note 13)	10,806	18,815
	3,551,730	3,409,866

Brigade Electronics (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 January 2023 (continued)**

12 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	51,131	140,154
Amounts owed to group undertakings	1,137,541	3,127,656
Other taxes and social security	332,502	282,682
Accruals and deferred income	335,263	222,552
	<hr/>	<hr/>
	1,856,437	3,773,044
	<hr/>	<hr/>

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

13 Deferred Taxation

	Deferred Taxation £
At 1 February 2022	18,815
Deferred tax charged in the Statement of Comprehensive Income (note 7)	(8,009)
	<hr/>
At 31 January 2023	10,806
	<hr/>

The components of the deferred tax asset are as follows:

	2023	2022
	£	£
Decelerated capital allowances	7,529	17,490
Short term timing differences	3,277	1,325
	<hr/>	<hr/>

14. Share capital

Allotted, called up and fully paid

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary 'A' shares of £1 each	581,200	581,200	581,200	581,200
	<hr/>	<hr/>	<hr/>	<hr/>

Brigade Electronics (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 January 2023 (continued)**

15 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.

16 Contingent liabilities

The Company is a party to the Brigade Group's funding and credit facilities, under which there are cross guarantees, a fixed and floating charge and indemnities. At the 31 January 2023 the Company's liability for other Brigade Group companies was £Nil (2022 - £Nil). The Company's contingent liabilities under documentary credits as 31 January 2023 was £Nil (2022 - £Nil).

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 whose registered office and principal place of business is The Mills, Station Road, South Darenth, Kent, DA4 9BD.

Brigade Electronics Plc is the smallest group to consolidate the results of the Company and Brigade Holdings Limited is the largest group to consolidate the results of the Company.

The ultimate controlling party is C P Hanson-Abbott.