

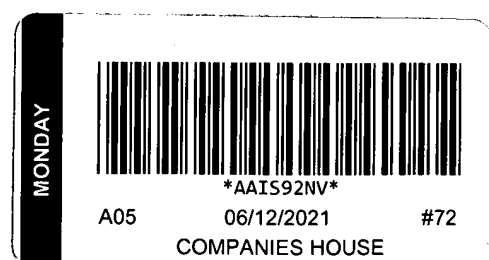
BMAC LIMITED

Directors' Report and Financial Statements

Period Ended

1 May 2021

Company Number 05393377



BMAC LIMITED

Company Information

| | |
|----------------------------|---|
| Directors | J El Khoury A Mir |
| Registered number | 05393377 |
| Registered office | Units 13-14 Shepley Industrial Estate South Audenshaw Manchester M34 5DW |
| Independent auditor | BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT |

BMAC LIMITED

Contents

| | Page |
|--|----------------|
| Directors' Report | 1 - 2 |
| Directors' Responsibilities Statement | 3 |
| Independent Auditor's Report | 4 - 7 |
| Statement of Comprehensive Income | 8 |
| Statement of Financial Position | 9 |
| Statement of Changes in Equity | 10 |
| Notes to the Financial Statements | 11 - 26 |

BMAC LIMITED

Directors' Report For the Period Ended 1 May 2021

The directors present their report together with the audited financial statements for the period ended 1 May 2021.

Principal activity

The principal activity of the company during the period was manufacturing transport equipment.

Results and dividends

The profit for the period, after taxation, amounted to £492,000 (2020 - £879,000).

Directors

The directors who served during the period were:

J El Khoury
A Mir

Going concern

In March 2020 the COVID-19 pandemic took hold in the UK and has since affected the road and rail transport sectors, with decreased movement around the UK during the periods of lockdown since. This had an impact on the company's operations and the demand for its products which has seen decreased trade both during and for a short time post lockdown. The company took advantage of the UK government Job Retention Scheme for a short period during the lockdown. Post lockdown, measures began to ease in the UK and the company has seen signs that trading will return to pre-COVID levels in the future.

The directors have prepared cash flow forecasts for the 12 month period as of the date of approval of these financial statements, including downside sensitivities to assess the impact on cash of the post pandemic trading environment. In even the worst case scenario, these forecasts show the business will continue to have sufficient cash reserves to meet its liabilities as they fall due. The directors have therefore concluded that the company is a going concern. The directors are not aware, in making their assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

BMAC LIMITED

Directors' Report (continued) For the Period Ended 1 May 2021

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 November 2021 and signed on its behalf.



A Mir
Director

BMAC LIMITED

Directors' Responsibilities Statement For the Period Ended 1 May 2021

The directors are responsible for preparing the directors' report together with the audited 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these audited 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;
- 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.

BMAC LIMITED

Independent Auditor's Report to the Members of BMAC LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 May 2021 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.

We have audited the financial statements of BMAC Limited (the "company") for the year ended 1 May 2021 which comprise statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

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.

BMAC LIMITED

Independent Auditor's Report to the Members of BMAC LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in 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.

We have nothing to report in this regard.

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

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

BMAC LIMITED

Independent Auditor's Report to the Members of BMAC LIMITED (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.

Extent to which the audit was capable of detecting 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:

We determined that the principle risk were related to inappropriate journals entries, management bias in accounting estimates and revenue recognition. Our audit procedures included but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular bad debt, stock and warranty provisions;
- Identifying and testing journal entries including specific keywords;
- Testing a sample of revenue transactions to goods dispatched notes within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Discussion held with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of board meetings from throughout the year as well as a review of internal audit reports; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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.


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.

BMAC LIMITED

Independent Auditor's Report to the Members of BMAC LIMITED (continued)

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.

DocuSigned by:

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Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

30 November 2021

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

BMAC LIMITED

Statement of Comprehensive Income For the Period Ended 1 May 2021

| | | 12 month period ended 1 May 2021 £000 | 12 month period ended 2 May 2020 £000 |
|---|------|--|--|
| | Note | | |
| Turnover | | 4,755 | 6,400 |
| Cost of sales | | (3,319) | (4,325) |
| Gross profit | | 1,436 | 2,075 |
| Distribution costs | | (239) | (303) |
| Administrative expenses | | (661) | (754) |
| Other operating income | 4 | 14 | - |
| Operating profit | 5 | 550 | 1,018 |
| Tax on profit | 7 | (58) | (139) |
| Profit and total comprehensive income for the financial period | | 492 | 879 |

The notes on pages 11 to 26 form part of these financial statements.

BMAC LIMITED
Registered number:05393377

Statement of Financial Position
As at 1 May 2021

| | Note | 1 May 2021 £000 | 1 May 2021 £000 | 2 May 2020 £000 | 2 May 2020 £000 |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Intangible assets | 8 | | 1,064 | | 1,232 |
| Tangible assets | 9 | | 194 | | 276 |
| | | | <u>1,258</u> | | <u>1,508</u> |
| Current assets | | | | | |
| Stocks | 10 | 840 | | 1,109 | |
| Debtors: amounts falling due within one year | 11 | 2,744 | | 1,832 | |
| Cash at bank and in hand | | 615 | | 441 | |
| | | <u>4,199</u> | | <u>3,382</u> | |
| Creditors: amounts falling due within one year | 12 | (605) | | (513) | |
| Net current assets | | | <u>3,594</u> | | <u>2,869</u> |
| Total assets less current liabilities | | | <u>4,852</u> | | <u>4,377</u> |
| Provisions for liabilities | | | | | |
| Other provisions | 14 | | (117) | | (134) |
| Net assets | | | <u>4,735</u> | | <u>4,243</u> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 100 | | 100 |
| Other reserves | 16 | | 614 | | 614 |
| Profit and loss account | 16 | | 4,021 | | 3,529 |
| Total equity | | | <u>4,735</u> | | <u>4,243</u> |

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 November 2021.



A Mir
Director

The notes on pages 11 to 26 form part of these financial statements.

BMAC LIMITED

Statement of Changes in Equity For the Period Ended 1 May 2021

| | Called up share capital | Other reserves | Profit and loss account | Total equity |
|--|------------------------------------|---------------------------|------------------------------------|---------------------|
| | £000 | £000 | £000 | £000 |
| At 3 May 2020 | 100 | 614 | 3,529 | 4,243 |
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 492 | 492 |
| Total comprehensive income for the period | - | - | 492 | 492 |
| At 1 May 2021 | 100 | 614 | 4,021 | 4,735 |

Statement of Changes in Equity For the Period Ended 2 May 2020

| | Called up share capital | Other reserves | Profit and loss account | Total equity |
|--|------------------------------------|---------------------------|------------------------------------|---------------------|
| | £000 | £000 | £000 | £000 |
| At 28 April 2019 | 100 | 614 | 2,650 | 3,364 |
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 879 | 879 |
| Total comprehensive income for the period | - | - | 879 | 879 |
| At 2 May 2020 | 100 | 614 | 3,529 | 4,243 |

The notes on pages 11 to 26 form part of these financial statements.

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

1. General information

BMAC Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is shown in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

In March 2020 the COVID-19 pandemic took hold in the UK and has since affected the road and rail transport sectors, with decreased movement around the UK during the periods of lockdown since. This had an impact on the company's operations and the demand for its products which has seen decreased trade both during and for a short time post lockdown. The company took advantage of the UK government Job Retention Scheme for a short period during the lockdown. Post lockdown, measures began to ease in the UK and the company has seen signs that trading will return to pre-COVID levels in the future.

The directors have prepared cash flow forecasts for the 12 month period as of the date of approval of these financial statements, including downside sensitivities to assess the impact on cash of the post pandemic trading environment. In even the worst case scenario, these forecasts show the business will continue to have sufficient cash reserves to meet its liabilities as they fall due. The directors have therefore concluded that the company is a going concern. The directors are not aware, in making their assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

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

2.4 Intangible assets

Goodwill represents the value transferred from investments in subsidiaries for Translec Limited on the hive up of trading assets and liabilities which occurred on 31 December 2017. Subsequent to initial recognition, goodwill is measured as cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life of 10 years.

Other intangibles represents the computer software classified as intangibles. This is held initially at cost and is subsequently reviewed for impairment at each year-end. Other intangibles are amortised over 3-10 years.

2.5 Tangible fixed assets

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

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

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-----------------------|----------------|
| Plant and machinery | - 10 years |
| Motor vehicles | - 2 years |
| Fixtures and fittings | - 5 - 10 years |

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

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

2.6 Research and development costs

Research and development costs are charged to the statement of comprehensive income in the period they occur.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

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

At each 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.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

2. Accounting policies (continued)

2.11 Creditors

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

2.12 Financial instruments

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

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

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

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

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

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

2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

2. Accounting policies (continued)

2.14 Foreign currency translation

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.15 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.17 Provisions for liabilities

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

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

2. Accounting policies (continued)

2.18 Current and deferred taxation

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

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

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

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

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

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the key assumptions used in calculating the warranty provision are reasonable. These assumptions are based on factors such as customer enquiries, past history of costs incurred and contractual agreements and involve significant management judgement. The provision for warranty costs is updated when new information comes to light.

Other key sources of estimation uncertainty:

- 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.

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

4. Other operating income

| | 12 month period ended 1 May 2021 £000 | 12 month period ended 2 May 2020 £000 |
|------------------------------|--|--|
| Government grants receivable | 14 | - |

5. Operating profit

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

| | 12 month period ended 1 May 2021 £000 | 12 month period ended 2 May 2020 £000 |
|---|--|--|
| Research & development charged as an expense | (3) | 9 |
| Depreciation of tangible fixed assets | 87 | 95 |
| Amortisation of intangible assets, including goodwill | 168 | 160 |
| Exchange differences | (1) | 12 |
| Operating lease rentals | 69 | 75 |
| Defined contribution pension cost | 30 | 64 |
| Remuneration for audit services | 28 | 32 |
| Remuneration for non-audit services | 10 | 11 |

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

6. Employees

The average monthly number of employees, including the directors, during the period was as follows:

| | 12 month period ended 1 May 2021 No. | 12 month period ended 2 May 2020 No. |
|---------------------------|---|---|
| Distribution & production | 27 | 29 |
| Selling & marketing | 4 | 6 |
| Administration | 3 | 4 |
| | <u>34</u> | <u>39</u> |
| | <u><u>34</u></u> | <u><u>39</u></u> |
| | 1 May 2021 £000 | 2 May 2020 £000 |
| Directors emoluments | - | 135 |
| Pension contributions | - | 30 |
| | <u>-</u> | <u>165</u> |
| | <u><u>-</u></u> | <u><u>165</u></u> |

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

7. Taxation

| | 12 month period ended 1 May 2021 £000 | 12 month period ended 2 May 2020 £000 |
|--|--|--|
| Corporation tax | | |
| Current tax on profits for the period | 97 | 178 |
| Adjustments in respect of previous periods | (9) | 1 |
| Total current tax | 88 | 179 |
| Deferred tax | | |
| Origination and reversal of timing differences | (38) | (36) |
| Adjustments in respect of prior periods | 8 | (1) |
| Effect of tax rate change on opening balance | - | (3) |
| Total deferred tax | (30) | (40) |
| Taxation on profit on ordinary activities | 58 | 139 |

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

7. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (12 month period ended 2 May 2020 - lower than) the standard rate of corporation tax in the UK of 19% (12 month period ended 2 May 2020 - 19%). The differences are explained below:

| | 12 month period ended 1 May 2021 £000 | 12 month period ended 2 May 2020 £000 |
|--|--|--|
| Profit on ordinary activities before tax | 550 | 1,025 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (12 month period ended 2 May 2020 - 19%) | 105 | 195 |
| Effects of: | | |
| Fixed assets differences | 1 | 1 |
| Group relief surrendered/(claimed) | (47) | (52) |
| Adjustments to tax charge in respect of previous periods | (9) | 1 |
| Adjustments to tax charge in respect of previous periods - deferred tax | 8 | - |
| R&D expenditure credits | - | (3) |
| Remeasurement of deferred tax for changes in tax rates | - | (3) |
| Total tax charge for the period | 58 | 139 |

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset at the statement of financial position date has been calculated using the applicable rate when the asset is expected to be realised.

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

8. Intangible assets

| | Goodwill £000 | Other intangibles £000 | Total £000 |
|-----------------------|--------------------------|---------------------------------------|-----------------------|
| Cost | | | |
| At 3 May 2020 | 1,665 | 65 | 1,730 |
| At 1 May 2021 | 1,665 | 65 | 1,730 |
| Amortisation | | | |
| At 3 May 2020 | 457 | 41 | 498 |
| Charge for the period | 159 | 9 | 168 |
| At 1 May 2021 | 616 | 50 | 666 |
| Net book value | | | |
| At 1 May 2021 | 1,049 | 15 | 1,064 |
| At 2 May 2020 | 1,208 | 24 | 1,232 |

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

9. Tangible fixed assets

| | Plant and machinery £000 | Motor vehicles £000 | Fixtures and fittings £000 | Total £000 |
|--------------------------|--------------------------------|---------------------------|----------------------------------|---------------|
| Cost or valuation | | | | |
| At 3 May 2020 | 155 | 10 | 1,035 | 1,200 |
| Additions | - | - | 5 | 5 |
| Disposals | (74) | (10) | (511) | (595) |
| At 1 May 2021 | 81 | - | 529 | 610 |
| Depreciation | | | | |
| At 3 May 2020 | 116 | 10 | 798 | 924 |
| Charge for the period | 8 | - | 79 | 87 |
| Disposals | (74) | (10) | (511) | (595) |
| At 1 May 2021 | 50 | - | 366 | 416 |
| Net book value | | | | |
| At 1 May 2021 | 31 | - | 163 | 194 |
| At 2 May 2020 | 39 | - | 237 | 276 |

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

10. Stocks

| | 1 May 2021 £000 | 2 May 2020 £000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Raw materials and consumables | 557 | 605 |
| Work in progress (goods to be sold) | 81 | 103 |
| Finished goods and goods for resale | 202 | 401 |
| | <u>840</u> | <u>1,109</u> |

Stock recognised in cost of sales as an expense during the period was £2,426,851 (period ended 2 May 2020 - £3,219,271)

An impairment loss of £Nil (period ended 2 May 2020 - £Nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

11. Debtors: amounts falling due within one year

| | 1 May 2021 £000 | 2 May 2020 £000 |
|------------------------------------|--------------------------------|--------------------------------|
| Trade debtors | 926 | 1,102 |
| Amounts owed by group undertakings | 1,544 | 519 |
| Other debtors | 70 | 34 |
| Prepayments and accrued income | 110 | 113 |
| Deferred taxation | 94 | 64 |
| | <u>2,744</u> | <u>1,832</u> |

The impairment loss recognised in the statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £3,744 (period ended 2 May 2020 - £14,251).

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

12. Creditors: amounts falling due within one year

| | 1 May 2021 £000 | 2 May 2020 £000 |
|------------------------------------|-----------------------|-----------------------|
| Trade creditors | 248 | 199 |
| Amounts owed to group undertakings | 75 | 14 |
| Corporation tax | - | 43 |
| Other taxation and social security | 136 | 124 |
| Accruals and deferred income | 146 | 133 |
| | <u>605</u> | <u>513</u> |

13. Deferred taxation

| | 2021 £000 |
|---------------------------|------------------|
| At beginning of year | 64 |
| Charged to profit or loss | 30 |
| At end of year | <u><u>94</u></u> |

The deferred tax balance is made up as follows:

| | 1 May 2021 £000 | 2 May 2020 £000 |
|--------------------------------|-----------------------|-----------------------|
| Fixed asset timing differences | 94 | 56 |
| Short term timing differences | - | 8 |
| | <u>94</u> | <u>64</u> |

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

14. Provisions

| | Warranty provision £000 |
|---------------------------|-------------------------------|
| At 3 May 2020 | 134 |
| Charged to profit or loss | (17) |
| At 1 May 2021 | 117 |

15. Share capital

| | 1 May 2021 £000 | 2 May 2020 £000 |
|--|-----------------------|-----------------------|
| Authorised, allotted, called up and fully paid | | |
| 100,000 ordinary shares of £1 each | 100 | 100 |

16. Reserves

The company's capital and reserves are as follows:

Called up share capital

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

Capital contribution reserve

The capital contribution reserve represents consideration received by the company from its parent when no consideration was given by the company. This reserve arose from the write off of intercompany debt.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

17. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £30,325 (period ended 2 May 2020 - £63,758). Contributions totalling £5,860 (period ended 2 May 2020 - £2,427) were payable to the fund at the reporting date and are included in creditors.

BMAC LIMITED

Notes to the Financial Statements For the Period Ended 1 May 2021

18. Commitments under operating leases

At 1 May 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 1 May 2021 £000 | 2 May 2020 £000 |
|--|--------------------------------|--------------------------------|
| Not later than 1 year | 73 | 72 |
| Later than 1 year and not later than 5 years | 292 | 287 |
| Later than 5 years | 46 | 126 |
| | 411 | 485 |

19. Related party transactions

The company is a wholly owned subsidiary of Grakon BMAC Holdings Limited and has taken advantage of the exemption conferred by Section 33.1A of FRS 102 not to disclose transactions with other wholly owned subsidiaries within the group.

20. Controlling party

The ultimate parent undertaking and controlling party is Methode Electronics Inc., a company incorporated in the United States of America, on account of its majority shareholding.

The Methode Electronics Inc. group is both the smallest and largest group into which the company's financial statements are consolidated. Consolidated financial statements can be obtained from 8750 W Bryn Mawr Ave, Chicago, IL, 60631, USA.