

Company registration number 04305426 (England and Wales)

BROOK CROMPTON UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

BROOK CROMPTON UK LIMITED

COMPANY INFORMATION

Directors	J Crossland J Ristov	(Appointed 1 January 2023) (Appointed 1 December 2022)
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Company number	04305426
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Registered office	St Thomas Road Huddersfield West Yorkshire United Kingdom HD1 3LJ
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Auditor	Azets 2 Regan Way Chetwynd Business Park Chilwell Nottingham United Kingdom NG9 6RZ
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BROOK CROMPTON UK LIMITED

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BROOK CROMPTON UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

Results for the year are shown in the Profit and loss account on page 8.

Turnover for the year to 31 December 2022 of £18,870,475 (2021 - £13,829,602) has increased by £ 5,040,873 (36%). The company has seen revenue increase due to growth within Europe.

Gross Profit of £5,210,454 (2021 - £4,345,059) has decreased by £865,395 (20%) year on year, due to a competitive market and adverse product mix.

Operating profit of £1,052,442 (2021 - £1,259,530) has decreased year on year due to provisions made against trade receivables for doubtful debts and amortisation charges for fully amortised intangible assets.

The value of the company's stock at the year end of £6,995,345 (2021 - £3,631,730) has increased by £3,363,615 (92%). This increase is to facilitate sales growth with key customers.

The increase in the company's creditors to £6,562,090 (2021 - £3,570,935) is largely due to the supplier costs around the year end and increase in taxation and social security.

The Directors have proposed a dividend to be paid in 2022 of £1,500,000 (2021 - £nil).

Principal risks and uncertainties

The Company's risk management framework helps it to meet its objectives within acceptable parameters and is regularly reviewed so that new or emerging risks are identified early.

Key risks for the company are set out below:

Risk	Description	Mitigation
Credit	Risk of a counterparty defaulting on payment of a debt.	The company's credit risks are assessed, monitored and managed on an ongoing basis. The company also holds appropriate insurance policies as part of its credit risk management strategy. Following an in depth focus and detailed credit controls in 2022 we have strengthened our credit controls and the risk in this area has been reduced.
Liquidity	Risk that the company may be unable to meet its payment obligations when they fall due.	The company's liquidity is closely managed by the company's finance function which ensures that the Company has sufficient cash and liquid assets to meet its liabilities. All commitments for the following 12 months are reviewed on a regular basis.
Technology / Legislation	Risk of technological changes and/or legislation driving changes in market product expectations.	The company adopts a strategy of constantly monitoring market expectations and legislative changes to enable it to work closely with key suppliers to develop new product opportunities

BROOK CROMPTON UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Risk	Description	Mitigation
Currency	Risk of currency fluctuation between GBP and other major international currencies affecting the value of both collections and payments denominated in currencies other than GBP.	The company regularly reviews its currency exposure and has a hedging policy in place.
Reputational	Risk that negative publicity regarding the company or the brand will lead to legislation or lack of customer confidence. This risk is more likely to result from one of the risks described above materialising rather than as a standalone risk.	The company believes that reputational risk is mitigated through the effective mitigation of the other key risks.
Brexit	Risk to the company's performance arising from the uncertainties caused by the United Kingdom leaving the European Union.	New business has been set up in Italy to mitigate the risk of UK leaving the EU.
Covid-19	Risk to the company caused by the Covid-19 pandemic.	Whilst an element of uncertainty remained at the beginning of the FY before all Covid restrictions were lifted in respect of this risk, the company has taken all necessary actions, followed relevant advice where necessary.

Development and performance

The current market for electric motors remains competitive, with a number of large competitors achieving significant market share and benefiting from reduced operating costs. However, despite this background the company has continued to grow trading levels and achieve an improved financial performance year on year. With the onboarding of our new Italian branch we can cover wider markets and strengthen our performance.

Key performance indicators

The company's directors are of the opinion that the business is most appropriately reviewed through analysis within the fair review of the business section considering the straightforward nature of our business model.

Future Developments

The market remains competitive but the company continues to build upon its reputation for quality products and has established many new opportunities with the existing and new markets. The company is driven by a clear vision of its target for building on its existing profitable base through sound strategies and new opportunities in developing new markets

On behalf of the board

J Ristov
Director

4 August 2023

BROOK CROMPTON UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be the sale and distribution of electric motors.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,500,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Eason	(Resigned 31 December 2022)
I Welsh	(Resigned 28 April 2022)
J Crossland	(Appointed 1 January 2023)
J Ristov	(Appointed 1 December 2022)

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial risk management objectives.

Auditor

Azets were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J Ristov
Director

4 August 2023

BROOK CROMPTON UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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.

BROOK CROMPTON UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROOK CROMPTON UK LIMITED

Opinion

We have audited the financial statements of Brook Crompton UK Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

BROOK CROMPTON UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BROOK CROMPTON UK LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities 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.

BROOK CROMPTON UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) **TO THE MEMBERS OF BROOK CROMPTON UK LIMITED**

Extent to which the audit was considered 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Mitesh Thakrar
For and on behalf of Azets Audit Services

4 August 2023

Chartered Accountants
Statutory Auditor

2 Regan Way
Chetwynd Business Park
Chilwell
Nottingham
United Kingdom
NG9 6RZ

BROOK CROMPTON UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	18,870,475	13,829,602
Cost of sales		(13,660,021)	(9,484,543)
Gross profit		5,210,454	4,345,059
Distribution costs		(2,378,105)	(1,664,170)
Administrative expenses		(2,438,980)	(1,856,946)
Other operating income	3	659,073	435,587
Operating profit	4	1,052,442	1,259,530
Interest receivable and similar income	7	30,747	-
Profit before taxation		1,083,189	1,259,530
Tax on profit	8	(214,909)	(214,141)
Profit for the financial year		868,280	1,045,389

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BROOK CROMPTON UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Profit for the year	868,280	1,045,389
Other comprehensive income	-	-
Total comprehensive income for the year	<u>868,280</u>	<u>1,045,389</u>

BROOK CROMPTON UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10		23,099		-
Tangible assets	11		136,957		60,105
Investments	12		1		1
			<u>160,057</u>		<u>60,106</u>
Current assets					
Stocks	13	6,995,345		3,631,730	
Debtors	14	5,681,869		4,320,631	
Cash at bank and in hand		4,524,294		6,989,663	
		<u>17,201,508</u>		<u>14,942,024</u>	
Creditors: amounts falling due within one year	15	<u>(6,562,090)</u>		<u>(3,570,935)</u>	
Net current assets			<u>10,639,418</u>		<u>11,371,089</u>
Net assets			<u><u>10,799,475</u></u>		<u><u>11,431,195</u></u>
Capital and reserves					
Called up share capital	18	4,800,000		4,800,000	
Profit and loss reserves		5,999,475		6,631,195	
Total equity			<u><u>10,799,475</u></u>		<u><u>11,431,195</u></u>

The financial statements were approved by the board of directors and authorised for issue on 4 August 2023 and are signed on its behalf by:

J Ristov
Director

Company Registration No. 04305426

BROOK CROMPTON UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 January 2021	4,800,000	5,585,806	10,385,806
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	1,045,389	1,045,389
Balance at 31 December 2021	4,800,000	6,631,195	11,431,195
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	868,280	868,280
Dividends	9	(1,500,000)	(1,500,000)
Balance at 31 December 2022	4,800,000	5,999,475	10,799,475

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Brook Crompton UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is St Thomas Road, Huddersfield, West Yorkshire, United Kingdom, HD1 3LJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Consolidated financial statements

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of the company are consolidated in the financial statements of Brook Crompton Holdings Limited. See note 22 for further information on the parent undertakings.

1.2 Going concern

In assessing the appropriateness of the going concern assumption, the Directors have reviewed detailed profit and loss forecasts and cash flow forecasts, considering all reasonably foreseeable potential scenarios and uncertainties in relation to revenue and expenditure for a period of at least 12 months from the date these financial statements have been signed. Based on these forecasts, the Directors have a reasonable expectation that the company can meet its liabilities as they fall due and that there are no matters which give rise to a material uncertainty. As such, the financial statements have been prepared on the going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other income represents management fees charged to fellow group undertakings. Amounts are recorded in the statement of income and retained earnings over the period to which they relate. Any amounts which are due or received in advance are recorded as either accrued or deferred income accordingly in the statement of financial position.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	10% straight line
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements	Over the term of the lease
Plant and equipment	7.5%-33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand.

1.11 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The directors believe that no critical judgements (apart from those involving estimates) have had a significant effect on amounts recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provisions

The company has recognised provisions for the impairment of stock. The judgement, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors. In the case of the provision for the impairment of stock, this covers obsolescence through technological or customer specific reasons. This provision is based on the assessment of stock value and ageing, quantities on hand and usage. See note 13 for the carrying value of stock.

Bad debt provisions

The company has recognised provisions for bad debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable. That total provision identified at the year end was £180,926 (2021 - £267,149). See note 14 for the carrying value of trade debtors.

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	14,645,331	12,474,524
Rest of Europe	4,088,225	1,048,212
Rest of World	136,919	306,866
	<u>18,870,475</u>	<u>13,829,602</u>
	2022	2021
	£	£
Other operating income		
Interest income	30,747	-
Grants received	-	2,944
Rental income	26,000	26,000
Recharges	6,000	6,000
Other income	596,326	403,652
	<u>18,870,475</u>	<u>13,829,602</u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(115,805)	41,946
Government grants	-	(2,944)
Fees payable to the company's auditor for the audit of the company's financial statements	43,000	59,519
Depreciation of owned tangible fixed assets	43,491	24,656
Profit on disposal of tangible fixed assets	(4,128)	-
Amortisation of intangible assets	33,691	-
Impairment of intangible assets	108,648	-
Impairment of stocks recognised or reversed	-	123,337
Operating lease charges	274,528	274,521
	<u>274,528</u>	<u>274,521</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Marketing and distribution	32	28
Technical	2	2
Finance and administration	7	7
	<u>41</u>	<u>37</u>

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2022	2021
		£	£
	Wages and salaries	2,233,266	1,643,376
	Social security costs	241,751	144,764
	Pension costs	224,650	171,627
		<u>2,699,667</u>	<u>1,959,767</u>
		<u><u>2,699,667</u></u>	<u><u>1,959,767</u></u>
6	Directors' remuneration		
		2022	2021
		£	£
	Remuneration for qualifying services	136,914	218,156
	Company pension contributions to defined contribution schemes	10,928	64,552
		<u>147,842</u>	<u>282,708</u>
		<u><u>147,842</u></u>	<u><u>282,708</u></u>
7	Interest receivable and similar income		
		2022	2021
		£	£
	Interest income		
	Interest on bank deposits	30,747	-
		<u>30,747</u>	<u>-</u>
		<u><u>30,747</u></u>	<u><u>-</u></u>
8	Taxation		
		2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	221,349	231,159
	Adjustments in respect of prior periods	1,006	(25,351)
	Total UK current tax	<u>222,355</u>	<u>205,808</u>
	Foreign current tax on profits for the current period	<u>12,858</u>	<u>11,662</u>
	Total current tax	<u><u>235,213</u></u>	<u><u>217,470</u></u>

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

(Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	(13,395)	(3,329)
Changes in tax rates	(6,795)	-
Adjustment in respect of prior periods	(114)	-
	<u>(20,304)</u>	<u>(3,329)</u>
Total deferred tax	<u>(20,304)</u>	<u>(3,329)</u>
Total tax charge	<u>214,909</u>	<u>214,141</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	<u>1,083,189</u>	<u>1,259,530</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	205,806	239,311
Tax effect of expenses that are not deductible in determining taxable profit	14,068	1,435
Adjustments in respect of prior years	1,006	(25,351)
Effect of change in corporation tax rate	(6,795)	(1,254)
Depreciation on assets not qualifying for tax allowances	938	-
Deferred tax adjustments in respect of prior years	(114)	-
Taxation charge for the year	<u>214,909</u>	<u>214,141</u>

9 Dividends

	2022 £	2021 £
Final paid	<u>1,500,000</u>	<u>-</u>

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Intangible fixed assets

	Goodwill	Trademarks	Total
	£	£	£
Cost			
At 1 January 2022	4,451,183	4,302,274	8,753,457
Additions - separately acquired	133,039	13,797	146,836
Additions - business combinations	-	18,602	18,602
	<u>4,584,222</u>	<u>4,334,673</u>	<u>8,918,895</u>
At 31 December 2022	4,584,222	4,334,673	8,918,895
Amortisation and impairment			
At 1 January 2022	4,451,183	4,302,274	8,753,457
Amortisation charged for the year	24,391	9,300	33,691
Impairment losses	108,648	-	108,648
	<u>4,584,222</u>	<u>4,311,574</u>	<u>8,895,796</u>
At 31 December 2022	4,584,222	4,311,574	8,895,796
Carrying amount			
At 31 December 2022	-	23,099	23,099
	<u>-</u>	<u>23,099</u>	<u>23,099</u>
At 31 December 2021	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The existing goodwill and trademarks balances arose on the purchase of the trade and assets of a subsidiary, Brook Motors Limited on 31 August 2010. Goodwill which arose in the year relates to the purchase of trade and assets from Brook Crompton Italy on 5 January 2022

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Total £
Cost			
At 1 January 2022	114,003	3,730,563	3,844,566
Additions	2,116	99,882	101,998
Business combinations	-	19,117	19,117
Disposals	-	(73,780)	(73,780)
At 31 December 2022	116,119	3,775,782	3,891,901
Depreciation and impairment			
At 1 January 2022	110,227	3,674,234	3,784,461
Depreciation charged in the year	1,374	42,117	43,491
Eliminated in respect of disposals	-	(73,008)	(73,008)
At 31 December 2022	111,601	3,643,343	3,754,944
Carrying amount			
At 31 December 2022	4,518	132,439	136,957
At 31 December 2021	3,776	56,329	60,105

12 Fixed asset investments

	2022 £	2021 £
Investments in subsidiaries	1	1

The shares in group undertakings is comprised entirely of the company's wholly owned subsidiary, Brook Motors Limited which is a dormant company. The financial statements of the company are available from its registered office.

13 Stocks

	2022 £	2021 £
Raw materials and consumables	283,288	345,395
Goods in transit	153,679	896,736
Work in progress	9,481	8,300
Finished goods and goods for resale	6,548,897	2,381,299
	6,995,345	3,631,730

Included within stock is a provision for impairment of £212,741 (2021 - £300,187).

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	4,542,102	3,319,705
Amounts owed by group undertakings	846,789	808,215
Prepayments and accrued income	259,331	179,368
	<u>5,648,222</u>	<u>4,307,288</u>
Deferred tax asset (note 16)	33,647	13,343
	<u>5,681,869</u>	<u>4,320,631</u>

Amounts owed by group undertakings are unsecured, accrue no interest and are repayable on demand.

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,201,314	786,022
Amounts owed to group undertakings	4,005,119	1,910,709
Corporation tax	218,834	97,608
Other taxation and social security	289,656	365,089
Other creditors	140,000	104,309
Accruals and deferred income	707,167	307,198
	<u>6,562,090</u>	<u>3,570,935</u>

Amounts due to group undertakings are unsecured, accrue no interest and are repayable on demand.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets	Assets
	2022	2021
	£	£
Balances:		
Accelerated capital allowances	19,768	5,223
Short term timing differences	13,879	8,120
	<u>33,647</u>	<u>13,343</u>

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Deferred taxation (Continued)

	2022 £
Movements in the year:	
Asset at 1 January 2022	(13,343)
Credit to profit or loss	(20,304)
Asset at 31 December 2022	<u>(33,647)</u>

Included in the deferred tax asset set out above is £8,120 expected to reverse within 12 months and relates to short term timing differences.

17 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>224,650</u>	<u>171,627</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>4,800,000</u>	<u>4,800,000</u>	<u>4,800,000</u>	<u>4,800,000</u>

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Acquisition

On 5 January 2022 the company acquired the business of Trade and assets of a Brook Crompton Italy.

	Fair Value £
Property, plant and equipment	37,719
Inventories	1,521,994
Trade and other receivables	491,248
Trade and other payables	(1,589,278)
	<hr/>
Total identifiable net assets	461,683
	<hr/>
Goodwill	133,039
	<hr/>
Total consideration	594,722
	<hr/> <hr/>
Satisfied by:	£
	<hr/>
Cash	594,722
	<hr/> <hr/>

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	315,335	287,868
Between two and five years	1,045,870	1,213,380
In over five years	458,647	456,770
	<hr/>	<hr/>
	1,819,852	1,958,018
	<hr/> <hr/>	<hr/> <hr/>

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Related party transactions

Transactions with related parties

The company is wholly owned subsidiary of Brook Crompton Holdings Limited and has taken full advantage of the exemption conferred by section 33.1 A of FRS 102. Not to disclose transactions with Brook Crompton holdings limited or wholly owned subsidiaries with in the group.

During the year the company entered in to transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

2022:

	Sales to related parties	Recharges to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£	£	£	£	£
ATB Austria Antriebstechnik AG	-	-	-	-	1,020
ATB Laurence Scott Ltd.	16,146	-	-	18,857	-
ATB Morley Ltd	-	-	520	2,662	-
ATB Motors B.V.	149,637	254	247,840	23,625	-
ATB Nordenham GmbH	-	-	656,034	-	120,574
ATB Schorch GmbH	-	-	509,532	485,855	50,849
ATB Sever d.o.o	23,592	-	346,227	6,243	15,450
ATB Spielberg GmbH	7,767	-	-	6,356	-
ATB Tamel S.A.	15,724	260,025	4,269,174	28,201	686,045
ATB Welzheim	-	-	391,625	-	9,324
ATB Wuhan	-	-	-	39,499	-
Brook Compton Inc (Usa)	9,703	109,860	-	50,730	-
Brook Crompton Asia Pacific	14,460	-	-	13,480	-
Brook Crompton Australia	2,634	129	-	-	-
Brook Crompton Holdings Ltd (Singapore)	-	31,097	389,854	-	1,542,950
Brook Crompton Limited (Canada)	-	48,960	6,946	16,320	256
Wolong Electric Group Co Limited	-	-	4,382,923	-	1,085,336
Wolong Electric Nanyang	-	16,529	-	52,131	95,455
Wolong EMEA (Germany) GmbH	40,158	121,000	-	40,333	6,367
Wolong EMEA SRL	6,037	54,338	-	62,497	358,690
Wolong International (Hong Kong) Co	-	108	357,570	-	32,803
	<u>285,858</u>	<u>642,300</u>	<u>11,558,245</u>	<u>846,789</u>	<u>4,005,119</u>

The above companies are subsidiary undertakings of the Wolong Holding Group Co. Limited.

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Related party transactions

(Continued)

2021:

	Sales to related parties	Recharges to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£	£	£	£	£
ATB SPIELBERG GmbH	-	-	-	244	-
ATB Austria Antriebstechnik AG	-	-	-	-	439
ATB Laurence Scott Ltd.	6,741	-	-	-	-
ATB Morley Ltd	20	15	66,306	1,331	-
ATB Motors B.V.	2,621	-	-	2,178	62,518
ATB Nordenham	-	-	-	-	63,204
ATB Nordenham GmbH	-	-	382,549	-	-
ATB Schorch GmbH	-	-	146,931	229,549	185
ATB Sever d.o.o	-	-	200,986	27,705	4,672
ATB Spielberg	-	-	-	-	2,655
ATB Tamel S.A.	1,267	231,947	3,608,206	19,305	419,300
ATB Welzheim	-	-	278,932	-	64,779
ATB Wuhan	-	-	-	35,240	-
Brook Compton Inc (Usa)	3,784	101,460	-	18,985	-
Brook Compton Asia Pacific	-	-	-	322	-
Brook Compton Holdings Ltd (Singapore)	-	-	-	-	18,166
Brook Compton Italy	-	-	-	76,952	-
Brook Compton Limited (Canada)	-	48,960	332	14,041	-
Wolong Electric Group Co Limited	-	-	2,055,787	-	277,597
Wolong Electric Nanyang	-	-	-	-	90,435
Wolong EMEA (Germany) GmbH	-	320	-	2,501	2,780
Wolong EMEA SRL	45,328	34	6,813	76,183	2,476
Wolong International (Hong Kong) Co	1,910	-	825,096	303,679	901,503
	<u>61,671</u>	<u>382,736</u>	<u>7,571,938</u>	<u>808,215</u>	<u>1,910,709</u>

BROOK CROMPTON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Ultimate controlling party

The immediate parent company is Brook Crompton Holdings Limited, a company registered and listed in Singapore. The smallest group in which the company's results are consolidated during the year was that headed by Brook Crompton Holdings Limited. The consolidated accounts are available from its registered office Suite 07-01/02, 100 Cecil Street, The Globe, 069 532 Singapore.

The largest group in which the results of the company were consolidated during the year was that headed by Wolong Holding Group Co. Limited. The consolidated financial statements of this company are available from Wolong Holding Group Co. Limited, No.1801 West Remin Road, Shangyu, Zhejiang Province, Peoples Republic of China.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.