

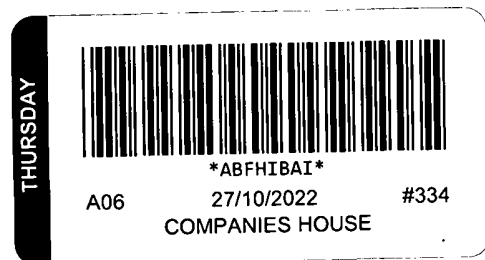
# Brigade Electronics Group Plc

Report and Financial Statements

Year Ended

31 January 2022

Company Number 07107804



# Brigade Electronics Group Plc

Report and financial statements  
for the year ended 31 January 2022

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## Directors

C P Hanson-Abbott  
P J Hanson-Abbott  
N P Moody  
R E Hutson  
M Palmer

## Secretary and registered office

M Palmer

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

## Registered number

07107804

## Auditors

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

## Bankers

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

# Brigade Electronics Group Plc

## Strategic report for the year ended 31 January 2022

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

### Principal activities

The principal activity of the company and its subsidiary undertakings (the "Group") is the design, development, marketing and distribution of commercial vehicle and mobile machinery safety systems.

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

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

Details of the R&D activities are given in the directors' report.

The directors believe that the Brigade Group will continue to be highly successful financially through commercialisation of its activities in striving to achieve its strategic objectives. This financial success is reinvested in the business, and rewards are shared by the shareholders and the Group's staff. The commitment of staff is crucial, and remuneration packages include team bonus rewards that are based on achievement of both sales and profitability targets.

### Section 172(1) Statement of the Companies Act

The directors have acted, both individually and together, in ways they consider, in good faith, promote the success of the company for the benefit of its members as a whole.

In doing so, they have had regard (amongst other matters) to:

1. The likely consequences of any decision in the long term
2. The interests of the Group's employees
3. The need to foster the Group's business relationships with suppliers, customers and others
4. The impact of the company's operations on the community and the environment
5. The desirability of the Group maintaining a reputation for high standards of business conduct
6. The need to act fairly as between members of the Group

The directors balance the short and long term needs and interests of the Group and its members by development of and adherence to a 5 Year Strategic Plan, which is approved by the members. The plan includes a compelling Vision and Mission, underpinned by clear Goals, measurable Objectives and Strategies. Operational plans and tactics are developed in line with these.

The directors recognise that the Group's employees are its greatest asset and take steps to develop a team of high achieving, motivated people that are fully 'engaged' with the business. Engagement comes from a combination of factors, including:

- Clear and open communication with all employees so that they understand both Group Vision, Mission, Goals and Objectives and their role in achieving these.
- Our focus on saving lives. What we do matters!
- Our 'family' culture, caring for our people, helping them to develop, informing and involving them in our plans, and rewarding them fairly for their efforts.

Engagement levels are measured through periodic surveys and the HR team, together with employee focus groups, use the survey outcomes to make proposals for continual improvement.

The need to foster the Group's business relationships with suppliers, customers and others is paramount to our success. We have a well-established track record of building long term mutually beneficial business relationships with suppliers and customers, which we believe is the foundation on which our long-term growth and success have

# Brigade Electronics Group Plc

## Strategic report for the year ended 31 January 2022 (*continued*)

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been built. We focus on delivering exceptional customer value in terms of Product Leadership and Customer Intimacy.

The Group works hard to make a positive impact on the community and the environment. Saving lives is at the core of what we do, added to which the employees select 2 or 3 local charities annually for the Group to support. Our principal manufacturing and assembly plants are all accredited to the environmental standard ISO 14001.

The directors understand that the most valuable thing that the Group owns is its brand – and the values of quality, reliability, service, support, ethical trading and general business conduct that have been built up in over 45 years of trading. High standards of business conduct in these and other areas are essential to the continued growth and success of the Group, so are at the core of all that we do.

As an owner managed business, we benefit from having the shareholders within the business and driving its growth and success. The Group is specifically structured to ensure that the needs of the shareholders are represented through the parent company and the execution of those intentions are carried out through this company as part of successful delivery of the strategic plan.

Having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act in the decisions taken during the year ended 31 January 2021 and by reference to the approval of our five-year strategic plan launched on 1st February 2020:

- Our five-year strategic plan is designed to address the expected consequences of long-term changes within our industry and how we can position the Group to maximise the opportunities for the long-term benefit and success of the Group.
- At the very heart of our plan is the desire to save lives. By enabling the commercial vehicle and mobile machinery drivers to detect and prevent collisions between vehicles and pedestrians, cyclists, motorcyclists, other vehicles, and inanimate objects. We recognise our need to engage with the transport community, build relationships and trust with transport and plant managers. To be at the forefront of our industry with the right products, solutions, and advice but most importantly the knowledge that we are pioneers in our field.
- We continue to be present on various trade bodies to promote safety and support the introduction of new legislation to help drive change to reduce the number collisions on our roads. This engagement with trade bodies helps us to liaise with our customers and suppliers and ensure we continue to be at the forefront of road safety for commercial vehicles.
- We took the decision within the last financial year to 'discover' our brand, and this meant engaging our external customers. This shows not only that we are willing to be vulnerable as an organisation, exposing ourselves to a certain level of criticism but also that we reflect on these and also on our strengths as a business. This demonstrates our customer centric approach and willingness to continue upon a program of continual improvement for the benefit of our customers.
- This journey of discovery shows our intention to nurture our reputation and reflects our behaviour, as the Board of Directors, to be responsible for the future of the business and ensure the high standards that have propelled our growth in recent years and set us apart in our industry are maintained.
- Our employees are fundamental to the delivery of this plan. Being a responsible employer ensures that our employees recognise the value and importance they have within the organisation. We take a responsible approach towards the roles and responsibilities of each employee and ensure we take a fair approach to the pay and benefits our employees receive. Each employee within the Group shares in the financial success of our business. As a safety company we make sure the health, safety and well-being of our employees is one of primary considerations. As an owner managed business, we promote a 'family' culture whereby we aim to support, encourage, and nurture our employees.

# Brigade Electronics Group Plc

Strategic report  
for the year ended 31 January 2022 (continued)

## Streamlined Energy and Carbon Reporting

### Environment

Brigade Electronics Group Plc and its subsidiaries are committed to minimising our environmental impact by reducing both the carbon intensity and the resources that we use through the development, business operations and the product lifecycle. We endeavour to operate in a sustainable manner, achieving our business objectives without compromising the ability of future generations to meet their own needs. A key aspect of sustainability is for all organisations, including our own, not to consume natural resources and produce waste/pollutants at a level that will have a significant future effect on the environment.

In the financial year Brigade Electronics Group Plc and its subsidiaries have reported a sharp increase in CO<sub>2</sub> emissions, this is due solely to the re-opening of offices and commencement of business travel following the Corona Virus lockdowns of the previous accounting period. In the previous accounting period, the organisation implemented an environmental management system, which has been independently audited and certified by the British Standards Institution to the requirements of ISO 14001:2015. This certification has been maintained and programmes of continuous improvement progressed as per published policies to provide continued assurance to interested parties of the organisations environmental commitments.

### Brigade Greenhouse Gas Emissions

In accordance with the disclosure requirement for large companies under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the table below shows the Group's greenhouse gas emissions during the financial year:

	Feb 2021 – Jan 2022 Tonnes of CO <sub>2</sub> equivalent	Feb 2020 – Jan 2021 Tonnes of CO <sub>2</sub> equivalent
Combustion of fuel and operation of facilities (scope 1)	994.26	5.72
Electricity, heat, steam, and cooling purchased for own use (scope 2)	52.60	56.74
<b>Total Scope 1 and 2 emissions</b>	<b>1,046.86</b>	<b>62.46</b>
Intensity metric: tonnes of CO <sub>2</sub> e per £m of sales	17.02	1.21

## Risks and uncertainties

### Market and credit risk

The Group mitigates risk by spreading its sales across a wide range of product groups, customer groups and geographic regions. It endeavours to make sure that no single product or customer group accounts for more than 30% of profits. It further mitigates risk by tight control of credit limits and periods.

### Supply chain and currency risk

The Group mitigates the risk of supply chain disruption by diversifying manufacture over a number of manufacturing sites and countries. Purchases and sales are frequently in different currencies with consequent potential vulnerability to exchange rate fluctuations. However, risk to margin is minimised by some receipts and payments currency overlap, the relatively short timescales between purchase and sales and through price changes. Tax, duty and transfer pricing are subject to change internationally and the risk is minimised by internal and external expertise plus systems able to compensate by rapidly adjusting prices.

### Covid -19 Risk

The business operates in industries that have been remarkably resilient to Covid-19 which means we have seen an increase in demand for our products. The impact of Covid-19 is mainly social and economic, we have seen demand for changes in the workplace which is reflected in the wider economy. This is something we have had to adapt to or risk being alienated by a large proportion of the working population. We are a business that relies on our people, so it is essential for us to be an employer of choice to enable us to succeed in attracting and retaining talent.

# Brigade Electronics Group Plc

Strategic report  
for the year ended 31 January 2022 (*continued*)

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The business took a precautionary approach not to bring everyone back into the office to ensure it did not suffer any lost productivity due to Covid-19. Measures included social distancing, testing before coming into the office, wearing of masks whilst moving around the building, perspex screens to divide desks and rotas to ensure a maximum of 50% of staff in the building at any one time. The directors are confident that the measures put in place will help minimise the social and economic impact to the business as well as continuing to invest in its people and products so that it emerges from this period of uncertainty well placed to continue working towards its vision.

## *Russian invasion of Ukraine*

The invasion and the subsequent sanctions imposed have had a huge impact on the global economy specifically on inflation and foreign currency rates. These two elements are already combining to impact on our revenues and costs in the 2022/23 financial year, we used to have customers in Belarus and Russia, but this has ceased with the introduction of the sanctions. We are also seeing an impact on the global supply chain for customers involved in new vehicle production which will inevitably have an impact on the demand for our products. The rising cost of energy and food directly impacts our people and will place increasing pressure on wages.

## **Review of the business**

Emerging from the Covid-19 pandemic we started the year with optimism and an ambitious target for continued growth. Our first quarter sales were £16.6m, the highest in Brigade history, with extremely strong gross margins. The biggest driver of this growth was strong demand for Direct Vision Standard (DVS) related products, particularly in the UK. Our European subsidiaries also had demand for DVS products from international logistics firms that were required to comply with the regulations if their trucks would be travelling through London. Second quarter sales were almost as strong at £15.8m and by the half year point the Group was close to its full year profit target.

However, on the 2<sup>nd</sup> August 2021, the Group suffered a ransomware attack during which the data in the Group's central ERP system was encrypted, the Directors decided on ethical grounds not to engage with the 'threat actors', believing it wrong to engage with criminals. Instead, they looked for the positives – and took the opportunity for a giant leap forward by replacing the old Microsoft Dynamics NAV ERP system with completely new Microsoft Business Central (new NAV) ERP systems in all Group companies, moving these and other IT systems entirely into 'the cloud' for added security and resilience.

The Directors acted quickly and decisively, engaging with the Group's insurer and a range of third-party specialists whose support and advice has been invaluable. Throughout, the Group's staff have been magnificent, rallying round and going above and beyond the call of duty to implement and operate temporary manual systems throughout Q3/Q4 and help recover and rebuild Group data from unaffected IT systems and hard copies. Nevertheless, the toll on Group staff was severe and there was an inevitable impact on Group service levels during this period.

By the end of 2021, 5 months after the attack, all Group companies had ceased manual workarounds and were operating via localised IT systems. The Group has made huge progress with recovery and restoration and is now focussed on continual development and improvement.

In terms of the statutory audit, most financial records prior to 2<sup>nd</sup> August 2021 were lost and this has put the Group in a difficult position from a statutory audit perspective. The Group was fortunate to have enough records to understand its stock, debtors and cash position and has been able to rebuild these balances ready for the scrutiny of an audit. It is a huge testimony that the Group has been able to do this and, whilst a disclaimer of opinion from the auditors must be accepted, it was important to ensure that Group closing balances could be audited, giving the opportunity to avoid a disclaimer of opinion on the next financial period, year ending 31<sup>st</sup> January 2023.

Global shortages of electronic components and chipsets, international shipping capacity issues due to Covid-19, Russian invasion of Ukraine and Brexit all added to pressure on the Group's Supply Chain, so a consultant was

# Brigade Electronics Group Plc

## Strategic report for the year ended 31 January 2022 (continued)

warehouses, of a Third Party Logistics (3PL) hub, currently located in Italy, specifically to handle goods destined for distribution in the EU. The loss of systems/data in Q3, plus the establishment of new stock-holding warehouses/hubs added complexity to our demand planning and led to a significant increase in Group stock. The majority of this has been funded through banking facilities.

Despite it all, the Directors are pleased to report that Group sales increased by an incredible 18.9% (2021: decrease of 2.5%) to £61.5m (2021: £51.7m), demonstrating the resilience of the Group and the continued appreciation by Group customers of the benefits derived from Group products and customer support.

Overseas markets recovered and grew by 20% (2021: declined by 2.8%). The Group remains focused on developing markets outside the UK which now contribute 72% (2021: 71%) of total sales. Gross margins, at 50% (2021: 51%, 2020: 51%) were healthy, but materially within the range that will, year-on-year, inevitably vary due to factors such as market demand, product mix, territory mix, customer mix and exchange rates. The effects of Covid-19, Brexit, and the international geopolitical environment generally, has created a slowdown in existing major capital projects, delay in new ones and uncertainty in matters such as logistics and currency exchange. We fully expect to face increasing pressures on our margins due to these external market forces. Despite this the Group has seen increasing demand for products related to regulatory change and this remains a key area of focus within the Group. The Group continues to innovate and pioneer vehicle safety products and sits on several International Standards and Trade bodies to create awareness and promote vehicle safety, helping to ensure that fatal collisions are reduced and ultimately eliminated.

Due to the data loss the split between Distribution and Administrative expenses has been based on a pro-rated approach; hence why the costs have risen equally by 21%. Based on our internal cost analysis we have significant cost rises in distribution due to the rising cost of freight and caused by increasing storage costs for stock held with third parties. There has been a considerable investment in staff over the last year primarily within sales and marketing to assist with growth. As a result, staff costs have risen by £490k (see note 4). Operating profit has also been hit by unfavourable foreign exchange resulting in a cost swing of £413k. The Directors believe that the continued development and expansion of the product range is necessary in a rapidly changing and increasingly technical market and there were no significant cuts to this expenditure.

### Key performance Indicators ("KPIs")

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

### Financial KPIs

**Sales** – Sales have increased by 18.9% over the year. Prior year sales were impacted by Covid but considering the disruption to the business caused by the ransomware attack the growth has been incredible. The strong sales performance comes from the first half of the financial year where the Group was still benefitting from the sustained DVS demand in the UK. There were notably strong performances from Canada and Poland, these were driven by the continued pipeline contracts in Canada and a strong relationship with a major telematics company in Poland.

**Gross profit margin** – The gross profit margin in the year was 50.5% (2021: 50.7%). Whilst the Group strives through its strategy and activities to improve efficiency and control the gross margin, some year-on-year variation is inevitable reflecting exchange rate movements, product mix, customer mix and market pressures during each individual year.

# Brigade Electronics Group Plc

Strategic report  
for the year ended 31 January 2022 (continued)

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## Non-Financial KPIs

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

*Customer Satisfaction* - Brigade is committed to providing exceptional customer service and records issues and all manner of feedback to provide a measure of customer satisfaction.

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

## Future developments

**New Product Introduction** – The Group has a recognised history in its markets of introducing innovative new products that are reliable and can be supported whilst in use. Whilst the complexity and diversity of the product ranges are rapidly increasing, the Group aims to introduce three new technologies or product groups per year specifically targeted at improving commercial vehicle and mobile machinery safety.

**Distribution within the European Union (EU)** – The Group continues to review and assess the continued impact to future trading that is resulting from the UK's decision to leave the EU. Various action plans are being explored to improve the supply chain within the EU, to improve the customer experience and to reduce the overall Group stockholding. The Group's objective is to mitigate risks to the business, whilst also responding in a balanced and considered manner to avoid unnecessarily spending time and money, which otherwise could have been reinvested in other business growth activities.

**Global expansion** – The Group continues to evaluate growth opportunities outside of its current markets to further diversify but to also promote commercial vehicle and mobile machinery safety in line with its overall vision. There will be a balanced approach which factors in risk and opportunity but seeks to build on the Group's successful growth plan.

This report was approved by the board on 21<sup>st</sup> October 2022 and signed on its behalf.



**M Palmer**  
Company Secretary

# Brigade Electronics Group Plc

## Directors' report for the year ended 31 January 2022

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

### Results and dividends

The results for the year are shown on the Consolidated Statement of Comprehensive Income on page 13. Total comprehensive income for the year was £5,764,406 (2021: £5,425,179).

An interim dividend of £1,383,498 (233.8 pence per share) was paid in the year (2021: £457,650; 77.33 pence per share).

No Statement of Comprehensive Income is presented for the parent company as permitted by Section 408 of the Companies Act 2006.

### Directors

The directors who served during the year and to the date of signing were:

C P Hanson-Abbott – Chairman  
P J Hanson-Abbott - Managing Director  
S A Matthews - Engineering Director (resigned 13 April 2021)  
N P Moody - Sales Director  
R E Hutson – Group IT, Legal & Compliance Director  
M Palmer - Finance Director

### Research and development

The Group is committed to the development of its product range and therefore conducts a continuous programme of product research and development. Expenditure incurred in the year totalled £670,639 (2021: £1,175,464).

### Employees

Arrangements exist to keep all employees informed of matters of concern to them and information on the performance of the Group and their individual company is widely disseminated. Employees are encouraged to be concerned with the performance of the Group and their individual company, and various bonus schemes, including a profit-related bonus scheme, operate to emphasise and reinforce this.

### Future developments

The Company and the wider Group are known for innovation in the industry and aim to introduce one new technology or product group per year specifically targeted at improving vehicle safety.

### Disclosure of information to auditors

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

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

# Brigade Electronics Group Plc

Directors' report  
for the year ended 31 January 2022 (*continued*)

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## Auditors

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

This report was approved by the board on ~~21<sup>st</sup> October 2022~~ and signed on its behalf.



**M Palmer**  
Company Secretary and Director

# Brigade Electronics Group Plc

## Directors' responsibilities statement for the year ended 31 January 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Brigade Electronics Group Plc

## Independent auditor's report

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### TO THE MEMBERS OF BRIGADE ELECTRONICS GROUP PLC

#### Disclaimer of opinion

We were engaged to audit the financial statements of Brigade Electronics Group Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 January 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the Group and the Parent Company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

As explained more fully in the Strategic Report, the Group suffered a ransomware attack during the year resulting in the encryption of all data on the Group's servers including accounting systems and records for the period from 1 February 2021 until 2 August 2021.

Due to being unable to access the encrypted data we have been unable to:

- obtain sufficient and appropriate audit evidence regarding transactions within the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and related notes to the financial statements;
- because of the linkage between transactions in the Consolidated Statement of Comprehensive Income and the Consolidated and Company Statements of Financial Position, we have not been able to perform all of our usual procedures on the completeness of balances contained therein;
- in each case we could not obtain support for transactions and balances by alternative means; and
- perform our usual procedures in relation to testing for the risk of fraud through management override of controls and fraud in revenue recognition.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of transactions and balances within the financial statements.

The possible effects of any undetected misstatements in respect of these matters, if any, could be both material and pervasive to the financial statements.

#### Other Companies Act 2006 reporting

Because of the significance of the matter described in the basis of disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

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

Because of the significance of the matter described in the basis for disclaimer opinion section of our report, we are unable to conclude in the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, whether there are any material misstatements in the Strategic report or Directors' report.

# Brigade Electronics Group Plc

## Independent auditor's report (continued)

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Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- adequate accounting records have not been kept by the Parent Company.

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:

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

### Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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 responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer for opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Parent 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.

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

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

- As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the Group's and Parent Company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK company law, tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements.

# Brigade Electronics Group Plc

## Independent auditor's report (continued)

- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board meeting minutes, enquiries with management and the Directors as to the risks of non-compliance and any instances thereof, and we considered the appropriateness of the design and implementation of controls around procurement fraud.
- We evaluated whether there was evidence of bias by management and the Directors that represented a risk of material misstatement due to fraud.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for disclaimer of opinion section of our report.

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent 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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Michael Philp (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK      Date: 21 October 2022

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

# Brigade Electronics Group Plc

## Consolidated Statement of Comprehensive Income for the year ended 31 January 2022

	Note	2022 £	2021 £
Turnover	3	61,497,901	51,707,426
Cost of sales		(30,453,280)	(25,516,182)
<b>Gross profit</b>		<b>31,044,621</b>	<b>26,191,244</b>
Distribution costs		(12,436,901)	(10,275,879)
Administrative expenses		(10,907,823)	(9,012,357)
		<b>(23,344,724)</b>	<b>(19,288,236)</b>
<b>Operating profit</b>	6	<b>7,699,897</b>	<b>6,903,008</b>
Other interest receivable and similar income		2,536	7,396
Interest payable and similar charges		(185,890)	(194,535)
<b>Profit on ordinary activities before taxation</b>		<b>7,516,543</b>	<b>6,715,869</b>
Taxation on profit from ordinary activities	7	(1,619,194)	(1,396,151)
<b>Profit for the year</b>		<b>5,897,349</b>	<b>5,319,718</b>
Other comprehensive income/(loss)		(132,943)	105,461
<b>Total comprehensive income for the year</b>		<b>5,764,406</b>	<b>5,425,179</b>
<b>Profit for the year attributable to:</b>			
Minority interest		178,632	132,959
Owners of parent company		5,718,717	5,186,759
		<b>5,897,349</b>	<b>5,319,718</b>
<b>Total comprehensive income attributable to:</b>			
Minority interest		152,232	124,895
Owners of parent company		5,612,174	5,300,284
		<b>5,764,406</b>	<b>5,425,179</b>

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income

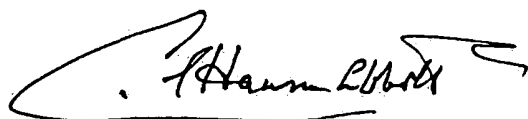
The notes on pages 19 to 35 form part of these financial statements.

# Brigade Electronics Group Plc

## Consolidated Statement of Financial Position at 31 January 2022

<i>Company number 07107804</i>	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	9		136,918		-
Tangible assets	10		1,951,769		1,685,483
			2,088,687		1,685,483
<b>Current assets</b>					
Stocks	12	24,891,134		12,821,626	
Debtors	13	12,511,451		9,192,223	
Cash at bank		8,523,907		11,260,587	
		45,926,492		33,274,436	
<b>Creditors: amounts falling due within one year</b>	14	(18,564,652)		(9,684,503)	
<b>Net current assets</b>			27,361,840		23,589,933
<b>Total assets less current liabilities</b>			29,450,527		25,275,416
<b>Provisions for liabilities</b>	17		(776,172)		-
<b>Net assets</b>			28,674,355		25,275,416
<b>Capital and reserves</b>					
Called up share capital	18		591,751		591,751
Merger reserve			20,000		20,000
Share premium			208,611		208,611
Profit and loss account			27,419,180		24,085,209
Equity minority interest			434,813		369,845
<b>Shareholders' funds</b>			28,674,355		25,275,416

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 21<sup>st</sup> October 2022



**C P Hanson-Abbott**  
Director

The notes on pages 19 to 35 form part of these financial statements.

# Brigade Electronics Group Plc

## Company Statement of Financial Position at 31 January 2022

Company number 07107804	Note	2021 £	2021 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	9		136,918		-
Tangible assets	10		705,633		868,519
Investments	11		1,538,423		1,538,423
			<u>2,380,974</u>		<u>2,406,942</u>
<b>Current assets</b>					
Stocks	12	15,026,257		8,965,464	
Debtors	13	10,788,266		5,365,688	
Cash at bank and in hand		3,077,483		6,004,736	
			<u>28,892,006</u>	<u>20,335,888</u>	
<b>Creditors: amounts falling due within one year</b>	14	<b>(15,087,757)</b>		<b>(7,367,381)</b>	
			<u>13,804,249</u>		<u>12,968,507</u>
<b>Total assets less current liabilities</b>			<b>16,185,223</b>		<b>15,375,449</b>
<b>Provisions for liabilities</b>	17		<b>(776,172)</b>		<b>-</b>
			<u>15,409,051</u>		<u>15,375,449</u>
<b>Capital and reserves</b>					
Called up share capital	18		591,751		591,751
Share premium			208,611		208,611
Profit and loss account			14,608,689		14,575,087
			<u>15,409,051</u>		<u>15,375,449</u>
<b>Shareholders' funds</b>			<b>15,409,051</b>		<b>15,375,449</b>

The company reported a profit for the year of £2,224,540 (2021: £2,278,337).

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on ~~21<sup>ST</sup> OCTOBER 2022~~



**C P Hanson-Abbott**  
Director

The notes on pages 19 to 35 form part of these financial statements.

# Brigade Electronics Group Plc

## Consolidated Statement of Changes in Equity for the year ended 31 January 2022

	Share capital £	Merger reserve £	Share premium £	Profit and loss account £	Minority interest £	Shareholders' funds £
<b>As at 1 February 2021</b>	<b>591,751</b>	<b>20,000</b>	<b>208,611</b>	<b>24,085,209</b>	<b>369,845</b>	<b>25,275,416</b>
<i>Comprehensive income for the year</i>						
Profit for the year	-	-	-	5,718,717	178,632	5,897,349
Currency translation differences	-	-	-	(106,543)	(26,400)	(132,943)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,612,174</b>	<b>152,232</b>	<b>5,764,406</b>
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,278,203)</b>	<b>(87,264)</b>	<b>(2,365,467)</b>
<b>As at 31 January 2022</b>	<b>591,751</b>	<b>20,000</b>	<b>208,611</b>	<b>27,419,180</b>	<b>434,813</b>	<b>28,674,355</b>
<b>As at 1 February 2020</b>	<b>591,751</b>	<b>20,000</b>	<b>208,611</b>	<b>20,081,443</b>	<b>244,950</b>	<b>21,146,755</b>
<i>Comprehensive income for the year</i>						
Profit for the year	-	-	-	5,186,759	132,959	5,319,718
Currency translation differences	-	-	-	113,525	(8,064)	105,461
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,300,284</b>	<b>124,895</b>	<b>5,425,179</b>
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,296,518)</b>	<b>-</b>	<b>(1,296,518)</b>
<b>As at 31 January 2021</b>	<b>591,751</b>	<b>20,000</b>	<b>208,611</b>	<b>24,085,209</b>	<b>369,845</b>	<b>25,275,416</b>

The notes on pages 19 to 35 form part of these financial statements.



# Brigade Electronics Group Plc

## Consolidated Statement of Cash Flows for the year ended 31 January 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year</b>		<b>5,764,406</b>	<b>5,425,179</b>
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	10	575,649	637,833
Net interest payable		183,354	187,139
Taxation expense	7	1,619,194	1,396,151
Increase in trade and other debtors		(3,589,513)	(386,581)
(Increase)/Decrease in stocks		(12,170,807)	460,679
Increase/(Decrease) in trade and other creditors		4,259,066	61,627
Increase in provisions		776,172	-
Foreign exchange losses/(gains)		132,943	(105,461)
Loss/(gain) on disposal of fixed assets	6	(74,170)	(30,796)
<b>Cash from operations</b>		<b>(2,523,706)</b>	<b>7,645,770</b>
Interest paid		(185,890)	(194,535)
Taxation paid		(1,746,780)	(1,396,296)
<b>Net cash generated from operating activities</b>		<b>(4,456,376)</b>	<b>6,054,939</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		99,219	41,108
Purchases of intangible fixed assets		(136,918)	-
Purchases of tangible fixed assets		(908,366)	(295,508)
Interest received		2,536	7,396
<b>Net cash used in investing activities</b>		<b>(943,529)</b>	<b>(247,004)</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid		(2,190,938)	(1,296,518)
Increase/(decrease) in trade loans		4,462,984	(1,088,646)
<b>Net cash from financing activities</b>		<b>2,272,046</b>	<b>(2,385,164)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,127,859)</b>	<b>3,422,771</b>
Cash and cash equivalents at beginning of year		10,951,487	7,451,019
Foreign exchange gains and losses		18,562	77,697
<b>Cash and cash equivalents at end of year</b>		<b>7,842,190</b>	<b>10,951,487</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		8,523,907	11,260,587
Directors' loans	14	(681,717)	(309,100)
		<b>7,842,190</b>	<b>10,951,487</b>

The notes on page 19 to 35 form part of these financial statements.

# Brigade Electronics Group Plc

## Notes forming part of the financial statements for the year ended 31 January 2022

### 1 Accounting policies

#### *Company Information*

Brigade Electronics Group Plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group and Company's operations and principal activity is the design, development, marketing and distribution of vehicle and mobile machinery safety systems.

#### *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 Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

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

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

As at the date of signing these financial statements, there is still uncertainty about impact of Covid-19 and other geopolitical events which are continuing to impact global supply chains, energy costs and inflation in all world economies which are likely to have an impact on the future financial results of the Group. In undertaking their assessment, the directors have given due consideration to the Group's cash position, historical and current trading, together with forward looking projections.

The various government-imposed actions to combat Covid-19 and other geopolitical events may lead to a material reduction in the level of revenue, difficulties in obtaining the supply of components for our products, delays in the manufacture of those products and a reduction in the recovery of the amounts owed by our customers. The Group benefits from a portfolio effect as it operates in numerous jurisdictions and is thus not confined to the fortunes of one particular territory.

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

#### *FRS 102 - reduced disclosure exemptions*

The Group and/or Company have taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 3 - Financial Statement Presentation paragraph 3.17 (d)
- the requirements of Section 7 - Statement of Cash Flows for the Company.

Where applicable, this information is included in the consolidated financial statements of Brigade Holdings Limited as at 31 January 2021 and these financial statements may be obtained from Companies House.

The following principal accounting policies have been applied: -

#### *Basis of consolidation*

The consolidated financial statements present the results of Brigade Electronics Group Plc and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

# Brigade Electronics Group Plc

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

## 1 Accounting policies (continued)

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 tax. The following criteria must be met before revenue is recognised:

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

### Tangible fixed assets

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

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

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

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

Freehold buildings	-	2% straight line on cost
Motor vehicles	-	20-25% straight line on cost
Equipment, fixtures and fittings (computer equipment)	-	20-33% straight line on cost or reducing balance
Equipment, fixtures and fittings (non-computer equipment)	-	20-25% straight line on cost or reducing balance
Plant and machinery	-	15-33% straight line on cost or reducing balance

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.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

# Brigade Electronics Group Plc

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

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## 1 Accounting policies (continued)

### *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment.

### *Research and development costs*

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate that the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight line basis over their expected useful economic lives.

The expected useful economic life of development costs is estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

### *Stock*

Stocks are valued at the lower of cost and estimated net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis. In the case of work in progress and finished goods, cost includes all direct expenditure and product overheads based on the normal level of activity.

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 Consolidated Statement of Comprehensive Income.

### *Debtors*

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

### *Cash and cash equivalents*

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

Bank overdrafts and directors' loans are repayable on demand and have been used as part of cash management and are considered part of cash and cash equivalents.

### *Creditors*

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

# Brigade Electronics Group Plc

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

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## 1 Accounting policies (continued)

### *Financial assets*

Financial assets, other than derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost. These derivatives are measured at fair value at each reporting date with movements recognised through profit or loss.

### *Foreign currency translation*

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

### b) *Foreign currency translation*

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

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

### *Pension scheme*

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

### *Operating leases*

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

### *Dividends*

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

# Brigade Electronics Group Plc

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

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## *Current and deferred taxation*

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

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

## **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have made estimates and judgements in regard to the following matters:

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

Both intangible and tangible assets are amortised or depreciated over their useful lives. Useful lives are based on the management's estimate and judgement of the period that the assets will contribute to revenue generation. Factors that can affect these estimates and judgements include technological innovation, product life cycles, maintenance programmes and residual values. Changes to these factors, and therefore to the estimates and judgements, can result in variations in the carrying value of the assets and the amounts charged to the Consolidated Statement of Comprehensive Income in specific reporting periods for depreciation and amortisation.

### *(b) Inventory*

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

### *(c) Going concern*

Covid-19 and other geopolitical events has severely impacted the global economy and there remains uncertainty about the economic recovery. Factors considered include further outbreaks of the virus, the impact on the future capital expenditure within the commercial vehicle market and the rate of economic recovery.

# Brigade Electronics Group Plc

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

## 3 Turnover

The turnover and profit before taxation is attributable to the one principal activity of the Group.

	2022 £	2021 £
Turnover analysed by geographical area:		
Sales UK	17,296,680	14,892,322
Sales Overseas	44,201,221	36,815,104
	<u>61,497,901</u>	<u>51,707,426</u>

## 4 Employees

	2022 £	2021 £
Staff costs consist of:		
Wages and salaries	10,728,183	10,301,965
Social security costs	1,499,392	1,514,352
Other pension costs	599,288	520,634
	<u>12,826,863</u>	<u>12,336,951</u>

The Group operates defined contribution pension schemes on behalf of the employees in various territories in which it operates. The assets of these schemes are held separately from those of the relevant Group company, in independently administered funds. Contributions amounting to £67,321 (2021: £52,732) were payable at the year end and are included in creditors.

The average number of employees, including executive directors, during the year was:

	2022 Number	2021 Number
Operations and materials	31	27
Sales and marketing	88	68
Administration and technical	111	118
	<u>230</u>	<u>213</u>

# Brigade Electronics Group Plc

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

5 Directors	2022 £	2021 £
Emoluments	1,023,404	1,282,493
Company contributions to pension scheme	31,580	97,120
	1,054,984	1,379,613
During the year 6 directors (2021: 6) participated in money purchase pension schemes.		
<i>Highest paid director</i>		
Emoluments	265,719	316,455
Company contributions to a pension scheme	3,990	43,950
	269,709	360,405
<b>6 Operating profit</b>	<b>2022</b>	<b>2021</b>
This has been arrived at after charging/(crediting):	£	£
Depreciation of tangible assets	575,649	637,833
Loss/(gain) on disposal of tangible fixed assets	(74,170)	(30,796)
Foreign exchange (gains)/losses	327,908	(84,739)
Research and development costs	670,639	1,175,464
Payment to auditors:		
- audit fee	95,000	54,840
	95,000	54,840

# Brigade Electronics Group Plc

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

## 7 Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	(1,494,780)	(1,480,196)
Adjustment in respect of previous period	25,610	47,138
<b>Total current tax</b>	<b>(1,469,170)</b>	<b>(1,433,058)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(150,217)	67,441
Adjustment in respect of previous period	193	(30,534)
<b>Total deferred tax</b>	<b>(150,024)</b>	<b>36,907</b>
<b>Taxation on profit from ordinary activities</b>	<b>(1,619,194)</b>	<b>(1,396,151)</b>

### Factors affecting the tax charge for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below.

	2022 £	2021 £
<b>Profit on ordinary activities before tax</b>	<b>7,516,543</b>	<b>6,715,869</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,428,143)	(1,276,015)
Effects of:		
Enhanced R&D expenditure	165,648	138,114
Disallowable expenses	(157,636)	(121,360)
Patent box relief	-	849
Adjustment to previous period	25,803	16,604
Overseas tax rates	(224,866)	(154,343)
<b>Taxation on profit from ordinary activities</b>	<b>(1,619,194)</b>	<b>(1,396,151)</b>

### Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the budget on 3 March 2021, was substantively enacted on 11 March 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the Group's future tax charge accordingly.

# Brigade Electronics Group Plc

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

## 8 Dividends

Company	2022 £	2021 £
On equity shares:		
Final prior year dividend paid	807,440	838,868
Interim dividends in respect of the year ended 31 January	1,383,498	457,650
	2,190,938	1,296,518
Final dividend proposed for the year	386,615	807,440

## 9 Intangible fixed assets

### Company

Cost	Goodwill and patent	
	2022 £	2021 £
At 1 February 2021	-	-
Additions	136,918	-
At 31 January 2022	136,918	-

### Group

Cost	Goodwill and patent	
	2022 £	2021 £
At 1 February 2021	860,441	860,441
Additions	136,918	-
At 31 January 2022	997,359	860,441
<i>Amortisation</i>		
At 1 February 2021	860,441	860,441
Provision for the year	-	-
At 31 January 2022	860,441	860,441
<i>Net book value</i>		
At 31 January 2022	136,918	-

During the year the company entered into a purchase agreement to acquire the design rights for an existing product. The completion of the purchase was not finalised by the end of the financial year and therefore has not been amortised.

# Brigade Electronics Group Plc

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

## 10 Tangible assets

Group	Land and buildings £	Motor vehicles £	Equipment, fixtures and fittings £	Plant and machinery £	Total £
<i>Cost</i>					
At 1 February 2021	320,754	1,401,999	1,875,817	285,186	3,883,756
Additions	335,030	336,203	173,078	64,055	908,366
Disposals	-	(344,709)	(12,109)	(9,008)	(365,826)
Currency translation	(21,169)	(18,751)	3,847	2,975	(33,098)
<b>At 31 January 2022</b>	<b>634,615</b>	<b>1,374,742</b>	<b>2,040,633</b>	<b>343,208</b>	<b>4,393,198</b>
<i>Depreciation</i>					
At 1 February 2021	40,024	963,966	952,207	242,076	2,198,273
Provided for the year	12,148	242,102	288,036	33,363	575,649
Adjustments for disposals	-	(329,302)	(6,260)	(5,215)	(340,777)
Currency translation	(2,142)	(10,189)	23,611	(2,996)	8,284
<b>At 31 January 2022</b>	<b>50,030</b>	<b>866,577</b>	<b>1,257,594</b>	<b>267,228</b>	<b>2,441,429</b>
<i>Net book value</i>					
<b>At 31 January 2022</b>	<b>584,585</b>	<b>508,165</b>	<b>783,039</b>	<b>75,980</b>	<b>1,951,769</b>
<b>At 31 January 2021</b>	<b>280,730</b>	<b>438,033</b>	<b>923,610</b>	<b>43,110</b>	<b>1,685,483</b>

# Brigade Electronics Group Plc

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

## 10 Tangible assets *(continued)*

Company	Motor vehicles £	Fixtures, and fittings £	Equipment, plant and machinery £	Total £
<i>Cost</i>				
At 1 February 2021	271,942	1,579,662	220,917	2,072,521
Additions	48,713	89,486	34,547	172,746
Disposals	(54,067)	(941)	-	(55,008)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2022	<b>266,588</b>	<b>1,668,207</b>	<b>255,464</b>	<b>2,190,259</b>
<i>Depreciation</i>				
At 1 February 2021	219,936	788,801	195,265	1,204,002
Provided for the year	50,703	264,771	19,629	335,103
Adjustment for disposals	(54,067)	(412)	-	(54,479)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2022	<b>216,572</b>	<b>1,053,160</b>	<b>214,894</b>	<b>1,484,626</b>
<i>Net book value</i>				
At 31 January 2022	<b>50,016</b>	<b>615,047</b>	<b>40,570</b>	<b>705,633</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2021	<b>52,006</b>	<b>790,861</b>	<b>25,652</b>	<b>868,519</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## 11 Investments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<i>Cost</i>				
At 1 February	-	-	1,538,423	1,538,423
Impairment/disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January	<b>-</b>	<b>-</b>	<b>1,538,423</b>	<b>1,538,423</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# Brigade Electronics Group Plc

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

## 11 Investments (continued)

The Group and Company's investments, at the balance sheet date, in the share capital of companies include the following:

Name of company	Country of Incorporation or registration	Incorporation or registration address	Class of shares	Holding	Nature of business
Brigade Electronics (UK) Limited	UK	Brigade House, The Mills, Station Road, South Darenth, Kent, DA4 9BD	Ordinary	100%	Marketing and distribution of automotive reverse & safety systems
Brigade Elektronik GmbH	Germany	Havelstraße 21, D-24539 Neumünster, Germany	Ordinary	100%	Marketing and distribution of automotive reverse & safety systems
Brigade Electronics Inc	USA	Gutwein RAS LLC, 250 Main Street, 590, Lafayette, IN, 47901, USA	Ordinary	90%	Marketing and distribution of automotive reverse & safety systems
Brigade Elettronica SRL	Italy	Corso Trapani, 16, 10139 Torino, Italy	Ordinary	100%	Marketing and distribution of automotive reverse & safety systems
Brigade Electronics BV	Netherlands	Heibloem Gemeente Leudal, The Netherlands	Ordinary	100%	Marketing and distribution of automotive reverse & safety systems
Brigade (bbs-tek) Limited	UK	Brigade House, The Mills, Station Road, South Darenth, Kent, DA4 9BD	Ordinary	100%	Patent holding and associated activities
Brigade Automotive Ltd	UK	Brigade House, The Mills, Station Road, South Darenth, Kent, DA4 9BD	Ordinary	100%	Dormant
Brigade Electronique Sarl	France	4 rue Contades, 67300 Schiltigheim, France	Ordinary	95%	Non-trading and under administration, pending liquidation. Treated as an investment of nil value.
Brigade Electronics France SAS	France	92 Avenue Robert Buron, 53000 Laval, France	Ordinary	100%	Marketing and distribution of automotive reverse & safety systems
Brigade Electronics (Canada) Limited	Canada	250 Howe Street, Vancouver, British Columbia, V6C 3R8, Canada	Ordinary	90%	Marketing and distribution of automotive reverse & safety systems
Brigade Electronics (Polska) sp. z o.o.	Poland	Ul. Karola Olszewskiego 6, 25-663 Kielce, Poland	Ordinary	90%	Marketing and distribution of automotive reverse & safety systems

All subsidiary undertakings have been included in the consolidation.

# Brigade Electronics Group Plc

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

12 Stocks	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Finished goods and goods for resale	24,891,134	12,821,626	15,026,257	8,965,464
<b>13 Debtors</b>				
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	9,741,069	7,748,480	1,202,890	867,675
Other debtors	455,918	78,089	94,338	6,344
Deferred taxation	29,598	179,662	-	153,661
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	7,137,669	3,363,429
Prepaid expenses and accrued income	1,201,745	1,185,992	863,334	741,087
Other taxes and social security	1,083,121	-	1,490,035	233,492
	<b>12,511,451</b>	<b>9,192,223</b>	<b>10,788,266</b>	<b>5,365,688</b>
<b>14 Creditors: amounts falling due within one year</b>				
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Overdrafts	-	-	-	-
Trade creditors	8,247,886	3,363,201	8,376,024	2,825,861
Other creditors	2,074,239	373,672	715,950	338,877
Deferred taxation	-	-	2,327	-
Amounts owed to group undertakings and undertakings in which the company has a participating interest	703,076	1,514,966	834,650	1,646,035
Other taxes and social security	290,367	424,633	158,104	127,520
Corporation tax	117,008	327,638	-	42,312
Accruals and deferred income	7,132,076	3,680,393	5,000,702	2,386,776
	<b>18,564,652</b>	<b>9,684,503</b>	<b>15,087,757</b>	<b>7,367,381</b>

Trade creditors include trade loans of £7,227,989 (2021: £1,852,940). Interest is payable on the outstanding amount at 4.625% (2021: 2.38%) above HSBC's Euro base rate.

Other creditors include a loan from directors of £681,717 (2021: £309,100). Interest is payable on the outstanding amount at 4% (2021: 4%) above Bank of England's published base rate.

# Brigade Electronics Group Plc

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

## 15 Financial instruments

	2022 £	2021 £
The Group's financial instruments may be analysed as follows:		
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>18,720,894</u>	<u>19,087,156</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>9,631,436</u>	<u>5,195,925</u>

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors and other creditors

	2022 £	2021 £
The Company's financial instruments may be analysed as follows:		
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>11,512,380</u>	<u>10,242,184</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>9,892,391</u>	<u>4,780,996</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, other creditors and amounts owed to group undertakings.

# Brigade Electronics Group Plc

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

16 Deferred Taxation Group	Deferred Taxation £	
At 1 February 2021		179,622
Charged to income in the year (note 7)		(150,024)
		29,598
At 31 January 2022		29,598
The components of the deferred tax liability are as follows:		
	2022 £	2021 £
Accelerated capital allowances	(64,257)	(64,454)
Short term timing differences	98,206	247,553
Losses and other deductions	(4,351)	(3,437)
	(10,402)	179,622
<b>Company</b>		
		Deferred Taxation £
At 1 February 2021		153,661
Debited to income in the year		(155,988)
		(2,327)
At 31 January 2022		(2,327)
The components of the deferred tax liability are as follows:		
	2022 £	2021 £
Accelerated capital allowances	(81,749)	(80,928)
Short term timing differences	83,773	238,026
Losses and other deductions	(4,351)	(3,437)
	(2,327)	(2,327)

# Brigade Electronics Group Plc

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

## 17 Provisions

Provisions for liabilities	Group Dilapidation Provision £	Company Dilapidation Provision £
At 1 February 2021	-	-
Charged to the income statement	776,172	776,172
	<hr/>	<hr/>
At 31 January 2022	776,172	776,172
	<hr/> <hr/>	<hr/> <hr/>

## 18 Share capital

	Allotted, called up and fully paid			
	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares of £1 each	591,751	591,751	591,751	591,751
	<hr/>	<hr/>	<hr/>	<hr/>

## 19 Reserves

The Group and Company's capital and reserves are as follows:

### Share capital

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

### Merger reserve

The merger reserve represents the amounts arising on acquisition when merger accounting has been applied.

### Share premium

The share premium reserve contains the excess of the amounts paid for share capital over the nominal value.

### Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and foreign currency exchange movements.

# Brigade Electronics Group Plc

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

## 20 Commitments under operating leases

The Group and Company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2022 £	Land and buildings 2021 £
Operating leases which expire:		
Not later than 1 year	343,479	44,044
Later than 1 year and not later than 5 years	308,245	647,068
Total	<u>651,724</u>	<u>691,112</u>

## 21 Contingent liability

The Company is a party to the Group's funding and credit facilities, under which there are cross guarantees, a fixed and floating charge and indemnities. At 31 January 2022 the Company had guaranteed the borrowings of certain Group companies which amounted to £Nil (2021: £Nil).

## 22 Related party transactions

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

## 23 Ultimate parent company

The Company is a wholly owned subsidiary of Brigade Holdings Limited which is the largest and smallest group to consolidate this company. The ultimate controlling party is Mr C P Hanson-Abbott.