

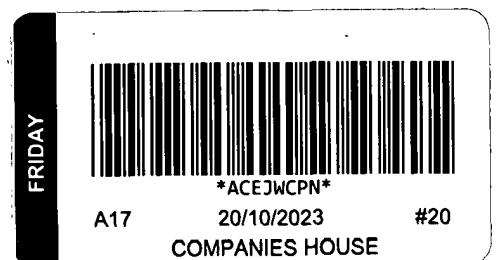
Brigade Electronics Group Plc

Annual Report

Year Ended

31 January 2023

Company Number 07107804



Brigade Electronics Group Plc

Report and financial statements
for the year ended 31 January 2023

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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 0PA

Bankers

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

Brigade Electronics Group Plc

Strategic report for the year ended 31 January 2023

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

Principal activities

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

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

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

The directors believe that the 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 2023 (*continued*)

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 47 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 2023 and by reference to the approval of our five-year strategic plan launched on 1 February 2021:

- 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 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 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, building relationships and trust with transport and plant managers. Also, to be at the forefront of our industry with innovative products, solutions, and right advice and most importantly the knowledge that we continue to be pioneers in our field.
- We participate in various trade body and standard working groups to promote safety and support the introduction of new standards and 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 are proud that the General Safety Regulation (GSR) is making compulsory the fitment to new trucks and buses of product types that Brigade pioneered many years ago, including reversing detection systems, cyclist detection systems and moving off information (front detection) systems. We see this as validation of the pioneering safety work that we have been doing for more than 47 years – and that we are still doing today.
- Our employees are fundamental to the delivery of our five-year strategic plan and associated annual operating plans, so these are communicated clearly to all our people and made available via our employee Intranet. We understand the value of 'discretionary effort' that is delivered by employees who have truly 'engaged' with the Company's Vision, Mission and Values as well as its Culture, so we work hard to achieve this 'engagement'. We recognise and celebrate the successes and contributions of individuals and teams within the business. 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. As a safety focused company, the health, safety and well-being of our employees is a primary consideration. As an owner managed business, we promote a 'family' culture whereby we aim to support, encourage, and nurture our employees.

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

Streamlined Energy and Carbon Reporting

Environment

The Group is 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 life cycle. 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.

The Group has reported a decrease in CO₂ emissions, this is due greater awareness of the Group's need to cut emissions, reduced use of heating and air-conditioning and a push for less polluting vehicles. 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 by Scope:

	Feb 2022 – Jan 2023 Tonnes of CO ₂ equivalent	Feb 2021 – Jan 2022 Tonnes of CO ₂ equivalent
Combustion of fuel and operation of facilities (scope 1)	67	385
Electricity, heat, steam, and cooling purchased for own use (scope 2)	32	30
Other Indirect Emissions (Scope 3)	214	N/A
Total Emissions (tCO₂e)	313	415

The comparative figures have been changed from those disclosed in last year's financial statements. As the Group has subcontracted this work to consultants who advised that the disclosure requirement should reflect the greenhouse gas emissions within the UK rather the entire Group. The figures disclosed last year included all operations both within and outside the UK. The change in comparative reflects the proportion relating to the UK only. For the basis of this disclosure Group undertakings are treated as customers which means they are deemed to be downstream. Group undertakings would disclose greenhouse gas emissions where there is a local requirement.

Intensity Ratios (IR)

	Annual Change %	Feb 2022 – Jan 2023	Feb 2021 – Jan 2022
IR 1 – Turnover '000 (TO)	18.13%	£72,645	£61,498
IR 2 – Employees, Full Time Equivalent (FTE)	12.61%	259	230
IR 3 – Occupied Space (m ²)	0.00%	3,193	3,193
IR 1 - tCO ₂ e/TO	(35.82%)	0.0043	0.0067
IR 2 - tCO ₂ e/FTE	(32.78%)	1.21	1.80
IR 3 - tCO ₂ e/ m ²	(23.08%)	0.10	0.13

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

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

Russian invasion of Ukraine

The invasion and the continuing sanctions imposed have had a huge impact on the global economy specifically on inflation and foreign currency rates. These two elements impacted on our revenues and costs in the 2022/23 financial year, we used to have customers in Belarus and Russia, but this ceased with the introduction of the sanctions. We have diversified operations into other Export markets which has proved successful. We have seen an impact on the global supply chain for customers involved in new vehicle production which will inevitably have an impact on the demand for our products and therefore our inventory management. A large focus will be placed on reducing inventory in the new financial year. The other impact from the Russia-Ukraine war has been the rising cost of energy and food directly impacting our people and placing increasing pressure on wages. As a business we continue to explore ways to optimise our energy usage so that the impact on our results is minimised.

Review of the business

The Group started the year strongly with record sales of £18.67m in the first quarter beaten by record sales of £18.75m in the second quarter. The main driver of the sales in the first half of the year was a major contract in America. There were also strong performances in Italy and sales in new regions in the Rest of the World.

However, the increase in sales came at the expense of lower gross profit margin; the company secured the large contract in America by lowering sales prices to secure volume whilst at the same time having to accept increases in product costs from suppliers, the combination of these two factors reduced the gross profit margin on this contract to unusually low levels which had an overall impact on margin for the year of around 2%. Strategically the Group accepted these lower profits because it was a high-profile contract that showcased the Company's ability to handle large Pan-American contracts. Successful delivery of a quality solution has already led to further large contracts and a growing pipeline of enquiries and orders which bode well for future growth at better margins. The Group has also had to absorb exchange rate induced cost increases, adding around 15% to our usual product costs, due to the strength of the USD. This, coupled with suppliers forcing through price rises of circa 10% average at the beginning of the year, is a big factor in the gross profit margin dropping from 50.5% in 2022 to 47.2% in 2023.

Brigade Electronics Group Plc

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

The Group continued its recovery from the cyber incident in 2021. One of the consequences was a notable increase in inventory, rising from £24.9m in 2022 to £27.2m in 2023. The Group has managed to absorb the additional inventory without a significant impact on cash or increase in short term import loans. The Group will be focussed on reducing its inventory levels in 2023/4 in order to improve cashflow and reduce short term import loans; especially because the latter, coupled with increasing interest rates, was a significant factor in the 125% increase in interest payable and similar charges in this financial year.

The directors are pleased to report that Group sales increased by an incredible 18.1% (2022: 18.9%) to £72.6m (2022: £61.5m), 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 continued the growth trajectory with an increase of 25% (2022: grew by 20%). The Group remains focused on developing markets outside the UK which now contribute 76% (2022: 72%) of total sales. Gross margins, at 47% (2022: 50%, 2021: 51%) were reasonable considering the circumstances highlighted above. These remain materially within a comfortable 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 ongoing effects and recovery from 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 expect to face increasing pressures on our margins due to these external market forces and inflationary pressures. We expect to pass on some of these cost pressures to our customers in order to remain competitive and enable the company to continue to invest in the latest technology in order to make large commercial vehicles safer and prevent unnecessary loss of life. The Group continues to see increasing demand for products related to regulatory change and this remains a key area of focus within the Group. The Group is committed 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 in 2021 the split between Distribution and Administrative expenses has been based on a pro-rated approach; hence why the costs have risen equally by 17%. The rise in distribution costs is in line with the growth in sales suggesting a slowdown in the cost of distribution compared to 2022 which saw considerable rises. Our internal analysis still shows that we are facing high storage costs due to increased stock levels and that we have been able to manage distribution costs by a reduction in air freight. There has been a considerable investment in staff over the last year across sales and marketing as well as administration and technical to assist with growth. As a result, staff costs have risen by £1.6m (see note 4). 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% 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 47.2% (2022: 50.5%). 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.

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

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.

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 13 October 2023 and signed on its behalf.



M Palmer
Company Secretary and Director

Brigade Electronics Group Plc

Directors' report for the year ended 31 January 2023

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

Results and dividends

The results for the year are shown on the Consolidated Statement of Comprehensive Income on page 14. Total comprehensive income for the year was £6,209,029 (2022: £5,764,406).

An interim dividend of £686,710; 116.05 pence per share was paid in the year (2022: £1,383,498; 233.08 pence per share) and a final dividend of £658,754; 111.32 pence per share was proposed (2022: £381,761; 64.51 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
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 £706,355 (2022: £670,639).

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 Pic

Directors' report
for the year ended 31 January 2023 (*continued*)

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 13 October 2023 and signed on its behalf.



M Palmer
Company Secretary and Director

Brigade Electronics Group Plc

Directors' responsibilities statement for the year ended 31 January 2023

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

TO THE MEMBERS OF BRIGADE ELECTRONICS GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGADE ELECTRONICS GROUP PLC

Qualified Opinion on the financial statements

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

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

We have audited the financial statements of Brigade Electronics Group Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 January 2023 which comprise Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

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

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the 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.

Brigade Electronics Group Plc

Independent auditor's report (*continued*)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

Other Companies Act 2006 reporting

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

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

Brigade Electronics Group Plc

Independent auditor's report (*continued*)

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

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

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

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

Brigade Electronics Group Plc


Independent auditor's report (*continued*)

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

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

Use of our report

This report is made solely to the 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
13 October 2023

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 2023

	Note	2023 £	2022 £
Turnover	3	72,645,354	61,497,901
Cost of sales		(38,329,838)	(30,453,280)
Gross profit		34,315,516	31,044,621
Distribution costs		(14,556,956)	(12,436,901)
Administrative expenses		(12,754,407)	(10,907,823)
		<u>(27,311,363)</u>	<u>(23,344,724)</u>
Operating profit	6	7,004,153	7,699,897
Other interest receivable and similar income		9,073	2,536
Interest payable and similar charges		(418,028)	(185,890)
		<u>6,595,198</u>	<u>7,516,543</u>
Profit on ordinary activities before taxation		6,595,198	7,516,543
Taxation on profit from ordinary activities	7	(1,142,400)	(1,619,194)
		<u>5,452,798</u>	<u>5,897,349</u>
Profit for the year		5,452,798	5,897,349
Other comprehensive income/(loss)		756,231	(132,943)
		<u>6,209,029</u>	<u>5,764,406</u>
Total comprehensive income for the year		6,209,029	5,764,406
Profit for the year attributable to:			
Minority interest		97,300	178,632
Owners of parent company		5,355,498	5,718,717
		<u>5,452,798</u>	<u>5,897,349</u>
Total comprehensive income attributable to:			
Minority interest		125,940	152,232
Owners of parent company		6,083,089	5,612,174
		<u>6,209,029</u>	<u>5,764,406</u>

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

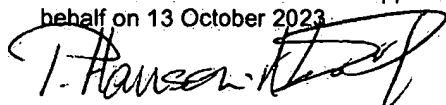
The notes on pages 20 to 36 form part of these financial statements.

Brigade Electronics Group Plc

Consolidated Statement of Financial Position at 31 January 2023

<i>Company number 07107804</i>	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	9		186,918		136,918
Tangible assets	10		2,159,384		1,951,769
			<u>2,346,302</u>		<u>2,088,687</u>
Current assets					
Stocks	12	27,215,672		24,891,134	
Debtors	13	14,638,465		12,511,451	
Cash at bank		7,087,771		8,523,907	
		<u>48,941,908</u>		<u>45,926,492</u>	
Creditors: amounts falling due within one year	14	<u>(16,505,907)</u>		<u>(18,564,652)</u>	
Net current assets			<u>32,436,001</u>		<u>27,361,840</u>
Total assets less current liabilities			<u>34,782,303</u>		<u>29,450,527</u>
Creditors; amounts falling due After one year	17		(228,535)		-
Provisions for liabilities	18		(776,172)		(776,172)
Net assets			<u>33,777,596</u>		<u>28,674,355</u>
Capital and reserves					
Called up share capital	19		591,751		591,751
Merger reserve	20		20,000		20,000
Share premium	20		208,611		208,611
Profit and loss account	20		32,433,798		27,419,180
Equity minority interest	20		523,436		434,813
Shareholders' funds			<u>33,777,596</u>		<u>28,674,355</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 13 October 2023.



P J Hanson-Abbott
Director

The notes on pages 20 to 36 form part of these financial statements.

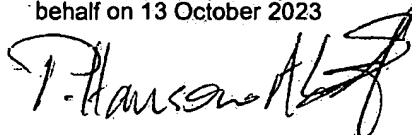
Brigade Electronics Group Plc

Company Statement of Financial Position at 31 January 2023

<i>Company number 07107804</i>	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	9		186,918		136,918
Tangible assets	10		534,380		705,633
Investments	11		1,538,423		1,538,423
			<u>2,259,721</u>		<u>2,380,974</u>
Current assets					
Stocks	12	18,846,041		15,026,257	
Debtors	13	12,094,470		10,788,266	
Cash at bank and in hand		1,009,571		3,077,483	
		<u>31,950,082</u>		<u>28,892,006</u>	
Creditors: amounts falling due within one year	14	(15,014,154)		(15,087,757)	
Net current assets			<u>16,935,928</u>		<u>13,804,249</u>
Total assets less current liabilities			<u>19,195,649</u>		<u>16,185,223</u>
Provisions for liabilities	18		<u>(776,172)</u>		<u>(776,172)</u>
Net assets			<u>18,419,477</u>		<u>15,409,051</u>
Capital and reserves					
Called up share capital	19		591,751		591,751
Share premium	20		208,611		208,611
Profit and loss account	20		17,619,115		14,608,689
			<u>18,419,477</u>		<u>15,409,051</u>
Shareholders' funds			<u>18,419,477</u>		<u>15,409,051</u>

The company reported a profit for the year of £4,078,897 (2022: £2,224,540).

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 13 October 2023



P J Hanson-Abbott
Director

The notes on pages 20 to 36 form part of these financial statements.

Brigade Electronics Group Plc

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

	Share capital £	Merger reserve £	Share premium £	Profit and loss account £	Minority interest £	Shareholders' funds £
As at 1 February 2022	591,751	20,000	208,611	27,419,180	434,813	28,674,355
<i>Comprehensive income for the year</i>						
Profit for the year	-	-	-	5,355,498	97,300	5,452,798
Currency translation differences	-	-	-	727,591	28,640	756,231
Total comprehensive income for the year	-	-	-	6,083,089	125,940	6,209,029
Total contributions by and distributions to owners	-	-	-	(1,068,471)	(37,317)	(1,105,788)
As at 31 January 2023	591,751	20,000	208,611	32,433,798	523,436	33,777,596
As at 1 February 2021	591,751	20,000	208,611	24,085,209	369,845	25,275,416
<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)
Total comprehensive income for the year	-	-	-	5,612,174	152,232	5,764,406
Total contributions by and distributions to owners	-	-	-	(2,278,203)	(87,264)	(2,365,467)
As at 31 January 2022	591,751	20,000	208,611	27,419,180	434,813	28,674,355

The notes on pages 20 to 36 form part of these financial statements.

Brigade Electronics Group Plc

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

	Share capital £	Share Premium £	Profit and loss account £	Shareholders' funds £
As at 1 February 2022	591,751	208,611	14,608,689	15,409,051
<i>Comprehensive income for the year</i>				
Profit for the year	-	-	4,078,897	4,078,897
Total comprehensive income for the year	-	-	4,078,897	4,078,897
Total contributions by and distributions to owners	-	-	(1,068,471)	(1,068,471)
As at 31 January 2023	591,751	208,611	17,619,115	18,419,477
	Share capital £	Share Premium £	Profit and loss account £	Shareholders' funds £
As at 1 February 2021	591,751	208,611	14,575,087	15,375,449
<i>Comprehensive income for the year</i>				
Profit for the year	-	-	2,224,540	2,224,540
Total comprehensive income for the year	-	-	2,224,540	2,224,540
Total contributions by and distributions to owners	-	-	(2,190,938)	(2,190,938)
As at 31 January 2022	591,751	208,611	14,608,689	15,409,051

The notes on pages 20 to 36 form part of these financial statements.

Brigade Electronics Group Plc

Consolidated Statement of Cash Flows for the year ended 31 January 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the financial year		6,209,029	5,764,406
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	10	635,245	575,649
Net interest payable		408,955	183,354
Taxation expense	7	1,142,400	1,619,194
(Increase) in trade and other debtors		(1,709,267)	(3,589,513)
(Increase) in stocks		(2,324,538)	(12,170,807)
(Decrease)/Increase in trade and other creditors		(579,463)	4,259,066
Increase in provisions		-	776,172
Foreign exchange (gains)/losses		(756,231)	132,943
(Gain) on disposal of fixed assets	6	(52,744)	(74,170)
Cash from operations		2,973,386	(2,523,706)
Interest paid		(418,028)	(185,890)
Taxation paid		(1,668,991)	(1,746,780)
Net cash generated from operating activities		886,367	(4,456,376)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		89,047	99,219
Purchases of intangible fixed assets		(50,000)	(136,918)
Purchases of tangible fixed assets		(820,420)	(908,366)
Interest received		9,073	2,536
Net cash used in investing activities		(772,300)	(943,529)
Cash flows from financing activities			
Equity dividends paid		(1,105,788)	(2,190,938)
Lease finance		273,967	-
(Decrease)/increase in trade loans		(734,153)	4,462,984
Net cash from financing activities		(1,565,974)	2,272,046
Net (decrease) in cash and cash equivalents		(1,451,907)	(3,127,859)
Cash and cash equivalents at beginning of year		7,842,190	10,951,487
Foreign exchange gains and losses		697,488	18,562
Cash and cash equivalents at end of year		7,087,771	7,842,190
Cash and cash equivalents comprise:			
Cash at bank and in hand		7,087,771	8,523,907
Directors' loans	14	-	(681,717)
		7,087,771	7,842,190

The notes on page 20 to 36 form part of these financial statements.

Brigade Electronics Group Plc

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

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 the impact of Covid-19 recovery 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 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 2022 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 2023 (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 2023 (*continued*)

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 2023 (continued)

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 2023 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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

Geopolitical affairs have severely impacted the global economy and there remains uncertainty about the economic recovery. Factors considered include further outbreaks of the Covid-19 virus, the impact on the future capital expenditure within the commercial vehicle market and the inflationary pressures within the economy.

Brigade Electronics Group Plc

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

3 Turnover

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

	2023 £	2022 £
Turnover analysed by geographical area:		
Sales UK	16,977,264	17,296,680
Sales Overseas	55,668,090	44,201,221
	72,645,354	61,497,901
	72,645,354	61,497,901

4 Employees

	2023 £	2022 £
Staff costs consist of:		
Wages and salaries	11,959,164	10,728,183
Social security costs	1,621,599	1,499,392
Other pension costs	824,574	599,288
	14,405,337	12,826,863
	14,405,337	12,826,863

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 £59,046 (2022: £67,321) were payable at the year end and are included in creditors.

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

	2023 Number	2022 Number
Operations and materials	34	31
Sales and marketing	101	88
Administration and technical	124	111
	259	230
	259	230

Brigade Electronics Group Plc

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

5 Directors	2023 £	2022 £
Emoluments	793,523	1,023,404
Company contributions to pension scheme	36,314	31,580
	829,837	1,054,984
During the year 4 directors (2022: 6) participated in money purchase pension schemes:		
<i>Highest paid director</i>		
Emoluments	274,800	265,719
Company contributions to a pension scheme	14,425	3,990
	289,225	269,709
6 Operating profit		
This has been arrived at after charging/(crediting):	2023 £	2022 £
Depreciation of tangible assets	635,245	575,649
Loss/(gain) on disposal of tangible fixed assets	(52,744)	(74,170)
Operating lease charges	391,074	398,822
Foreign exchange (gains)/losses	156,909	327,908
Research and development costs	706,355	670,639
Payment to auditors:		
- audit fee	141,750	95,000
	141,750	95,000

Brigade Electronics Group Plc

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

7 Taxation	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	(1,206,029)	(1,494,780)
Adjustment in respect of previous period	101,642	25,610
	(1,104,387)	(1,469,170)
Deferred tax		
Origination and reversal of timing differences	(41,531)	(150,217)
Adjustment in respect of previous period	3,518	193
	(38,013)	(150,024)
Taxation on profit from ordinary activities	(1,142,400)	(1,619,194)

Factors affecting the tax charge for the year

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

	2023 £	2022 £
Profit on ordinary activities before tax	6,595,198	7,516,543
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(1,253,088)	(1,428,143)
Effects of:		
Enhanced R&D expenditure	174,470	165,648
Disallowable expenses	(189,252)	(157,636)
Adjustment to previous period	105,160	25,803
Overseas tax rates	20,310	(224,866)
	(1,142,400)	(1,619,194)
Taxation on profit from ordinary activities	(1,142,400)	(1,619,194)

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 2023 (*continued*)

8 Dividends	2023	2022
Company	£	£
On equity shares:		
Final prior year dividend paid	381,761	807,440
Interim dividends in respect of the year ended 31 January	686,710	1,383,498
	1,068,471	2,190,938
Final dividend proposed for the year	658,754	386,615

The final dividend proposed for the year ending 31 January 2022 represented an estimation of the amount payable and differs from the actual calculation made to determine the final amount paid in the year ending 31 January 2023.

9 Intangible fixed assets

Goodwill and patent Company

Cost	2023	2022
	£	£
At 1 February 2022	136,918	-
Additions	50,000	136,918
At 31 January 2023	186,918	136,918

Group

Cost	2023	2022
	£	£
At 1 February 2022	997,359	860,441
Additions	50,000	136,918
At 31 January 2023	1,047,359	997,359

Amortisation

At 1 February 2022	860,441	860,441
Provision for the year	-	-
At 31 January 2023	860,441	860,441

Net book value

At 31 January 2023	186,918	136,918
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During the previous 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 2023 (*continued*)

10 Tangible assets

Group	Land and buildings £	Motor vehicles £	Equipment, fixtures and fittings £	Plant and machinery £	Total £
<i>Cost</i>					
At 1 February 2022	634,615	1,374,742	2,040,633	343,208	4,393,198
Additions	11,761	613,373	155,299	39,987	820,420
Disposals	-	(233,046)	(758)	-	(233,804)
Currency translation	43,535	49,522	21,819	5,696	120,572
At 31 January 2023	689,911	1,804,591	2,216,993	388,891	5,100,386
<i>Depreciation</i>					
At 1 February 2022	50,030	866,577	1,257,594	267,228	2,441,429
Provided for the year	12,099	280,115	313,141	29,890	635,245
Adjustments for disposals	-	(197,456)	(46)	-	(197,502)
Currency translation	3,005	30,104	12,448	16,273	61,830
At 31 January 2023	65,134	979,340	1,583,137	313,391	2,941,002
<i>Net book value</i>					
At 31 January 2023	624,777	825,251	633,856	75,500	2,159,384
At 31 January 2022	584,585	508,165	783,039	75,980	1,951,769

Brigade Electronics Group Plc

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

10 Tangible assets *(continued)*

Company	Motor vehicles £	Fixtures, and fittings £	Equipment, plant and machinery £	Total £
<i>Cost</i>				
At 1 February 2022	266,588	1,668,207	255,464	2,190,259
Additions	25,840	67,100	36,548	129,488
Disposals	(67,707)	(758)	-	(68,465)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2023	224,721	1,734,549	292,012	2,251,282
<i>Depreciation</i>				
At 1 February 2022	216,572	1,053,160	214,894	1,484,626
Provided for the year	28,666	243,313	28,051	300,030
Adjustment for disposals	(67,708)	(46)	-	(67,754)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2023	177,530	1,296,427	242,945	1,716,902
<i>Net book value</i>				
At 31 January 2023	47,191	438,122	49,067	534,380
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2022	50,016	615,047	40,570	705,633
	<hr/>	<hr/>	<hr/>	<hr/>

11 Investments

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<i>Cost</i>				
At 1 February	-	-	1,538,423	1,538,423
Impairment/disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January	-	-	1,538,423	1,538,423
	<hr/>	<hr/>	<hr/>	<hr/>

Brigade Electronics Group Plc

Notes forming part of the financial statements
for the year ended 31 January 2023 (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	5 rue Lucien Chasserant, Saint Saturnin, 72650 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 2023 (continued)

12 Stocks	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Finished goods and goods for resale	27,215,672	24,891,134	18,846,041	15,026,257
13 Debtors				
	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	10,384,519	9,741,069	1,248,439	1,202,890
Other debtors	16,842	455,918	-	94,338
Deferred taxation	-	29,598	-	-
Amounts owed by group undertakings in which the company has a participating interest	-	-	6,748,872	7,137,669
Prepaid expenses and accrued income	1,263,839	1,201,745	900,243	863,334
Corporation tax	447,345	-	-	-
Other taxes and social security	2,525,920	1,083,121	3,196,916	1,490,035
	14,638,465	12,511,451	12,094,470	10,788,266
14 Creditors: amounts falling due within one year				
	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Lease finance	45,432	-	-	-
Trade creditors	7,923,619	8,247,886	7,524,662	8,376,024
Other creditors	262,264	2,074,239	44,779	715,950
Deferred taxation	8,164	-	41,837	2,327
Amounts owed to group undertakings in which the company has a participating interest	2,472,299	703,076	2,656,720	834,650
Other taxes and social security	390,192	290,367	149,075	158,104
Corporation tax	-	117,008	386,290	-
Accruals and deferred income	5,403,937	7,132,076	4,210,791	5,000,702
	16,505,907	18,564,652	15,014,154	15,087,757

Trade creditors include trade loans of £6,493,836. (2022: £7,227,989). Interest is payable on the outstanding amount at 2.25% above HSBC USD and GBP base rates (2022: 4.625%) above HSBC's Euro base rate.

Other creditors include a loan from directors of £NIL (2022: £681,717). Interest is payable on the outstanding amount at 4% (2022: 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 2023 (continued)

15 Financial instruments

	2023 £	2022 £
The Group's financial instruments may be analysed as follows:		
Financial assets		
Financial assets measured at amortised cost	<u>17,489,132</u>	<u>18,720,894</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>10,668,323</u>	<u>9,631,436</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, directors' loan accounts, wages control account and amounts owed to group undertakings.

	2023 £	2022 £
The Company's financial instruments may be analysed as follows:		
Financial assets		
Financial assets measured at amortised cost	<u>9,006,882</u>	<u>11,512,380</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>10,181,382</u>	<u>9,892,391</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, directors' loan accounts, wages control account and amounts owed to group undertakings.

Brigade Electronics Group Plc

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

16 Deferred Taxation Group	Deferred Taxation £	
At 1 February 2022		29,598
Charged to income in the year (note 7)		(38,013)
		(8,415)
At 31 January 2023		(8,415)
The components of the deferred tax liability are as follows:		
	2023 £	2022 £
Accelerated capital allowances	(76,880)	(64,257)
Short term timing differences	74,191	98,206
Losses and other deductions	(5,726)	(4,351)
	(7,415)	(4,351)
Company		
		Deferred Taxation £
At 1 February 2022		(2,327)
Charged to income in the year		(39,510)
		(41,837)
At 31 January 2023		(41,837)
The components of the deferred tax liability are as follows:		
	2023 £	2022 £
Accelerated capital allowances	(84,409)	(81,749)
Short term timing differences	48,298	83,773
Losses and other deductions	(5,726)	(4,351)
	(41,837)	(41,837)

Brigade Electronics Group Plc

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

17 Creditors: amounts falling due after one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Lease finance	228,535	-	-	-
	228,535	-	-	-

18 Provisions

Provisions for liabilities

	Group Dilapidation Provision £	Company Dilapidation Provision £
At 1 February 2022	776,172	-
Charged to the income statement	-	776,172
	776,172	776,172
At 31 January 2023	776,172	776,172

19 Share capital

	2023 Number	Allotted, called up and fully paid 2022 Number	2023 £	2022 £
Ordinary shares of £1 each	591,751	591,751	591,751	591,751
	591,751	591,751	591,751	591,751

20 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.

Equity minority interest

Equity minority interest represents the share of net assets attributable to non-controlling shareholders.

Brigade Electronics Group Plc

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

21 Commitments under operating leases

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

	Land and buildings 2023 £	Land and buildings 2022 £
Operating leases which expire:		
Not later than 1 year	207,145	343,479
Later than 1 year and not later than 5 years	337,813	308,245
	<hr/>	<hr/>
Total	544,958	651,724
	<hr/>	<hr/>

Operating lease rentals recognised within the Consolidated Statement of Comprehensive Income can be found in Note 6.

22 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 2023 the Company had guaranteed the borrowings of certain Group companies which amounted to £Nil (2022: £Nil).

23 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.

24 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.