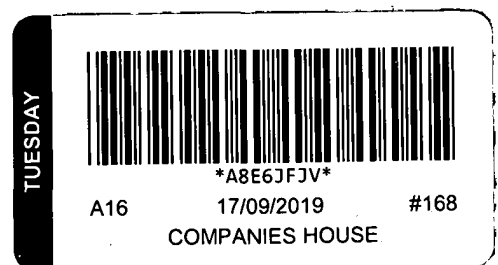


Registered number: 11377708

BF1 SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019



BF1 SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

M D Norton
G Peel
J R Shingleton
J C Welham
R E Norton
K S Peel
T M Shingleton
A Welham

Registered number

11377708

Registered office

The Technical Centre
Owen Road
Diss
Norfolk
IP22 4ER

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Kingfisher House
1 Gilders Way
St James Place
Norwich
Norfolk
NR3 1UB

BF1 SOLUTIONS LIMITED

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BF1 SOLUTIONS LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 JANUARY 2019

The directors present their Group Strategic Report for the period ended 31 January 2019.

Principal activities

BF1 Solutions Limited is a non-trading holding company. BF1 Solutions Limited's 100% subsidiary, Bf1systems Limited, founded in 1994, is a market leading provider of electrical, electronic and composite solutions to clients in the motorsport and automotive industries. Bf1systems' components are featured on World Championship winning vehicles in all top level motorsport disciplines including F1, IndyCar, World Rally and Moto GP.

From its UK-based Technical Centre, Bf1systems Limited supplies the very best of the motorsport and automotive world with Bf1systems products featuring on many of the most successful motor racing vehicles competing across the world today, along with the some of the fastest and most desirable cars on the road.

Business review

During the period the Company acquired 100% of the ordinary share capital of BF1 Technologies Limited on 31 July 2019. Therefore the Group presents results for the 6 months to 31 January 2019.

The results for the year ended 31 January 2019 show an increase in turnover for the trading subsidiary Bf1systems Limited.

Financial key performance indicators

The Group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPIs).

The key performance indicators for the business are turnover, gross profit margin, operating profit margin and net profit margin.

The KPIs for the period ended 31 January 2019 are as follows:

	2019
Turnover (£)	5,420,101
Gross profit margin (%)	36.86
Operating profit margin (%)	8.83
Net profit margin (%)	6.42

The key non-financial key performance indicator is staff numbers, which have increased in the current year to 114.

BF1 SOLUTIONS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2019

Principal risks and uncertainties

The Group's operations expose it to limited financial risks that include price risk, credit risk, liquidity risk and interest rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Price risk

The Group is exposed to price risk through competitor activities. These activities are monitored and it is Group policy that appropriate remedial actions are taken, when deemed appropriate.

Credit risk

Reports are reviewed on a frequent basis detailing customers who have exceeded their credit limits or who are late in remitting payments.

Liquidity risk

The Group maintains a mixture of cash deposits and inter-company trading balances that are designed to ensure the Group has sufficient available funds for operations.

Interest rate risk

The Group receives interest on its cash deposits at a variable rate. The deposits are not considered significant enough to warrant hedging. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Research and development activities

During the year, the Group conducted research and development activities, mainly relating to bespoke engineering applications for the motor racing industry and the aerospace industry.

This report was approved by the board on *9 September 2019* and signed on its behalf.



G Peel
Director

BF1 SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JANUARY 2019

The directors present their report and the financial statements for the period ended 31 January 2019.

Results and dividends

The profit for the period, after taxation and minority interests, amounted to £348,438.

Directors

The directors who served during the period were:

M D Norton (appointed 31 July 2018)
G Peel (appointed 31 July 2018)
J R Shingleton (appointed 31 July 2018)
J C Welham (appointed 23 May 2018)
R E Norton (appointed 09 April 2019)
K S Peel (appointed 09 April 2019)
T M Shingleton (appointed 09 April 2019)
A Welham (appointed 09 April 2019)

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BF1 SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2019

Future developments

The focus of the Group remains unchanged, to increase market share in core markets whilst developing a portfolio of complimentary products to satisfy customer needs. This clear strategic direction is expected to provide solid opportunities for growth in the short to medium term.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

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

This report was approved by the board on *9 September 2019* and signed on its behalf.



G Peel
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BF1 SOLUTIONS LIMITED

Opinion

We have audited the financial statements of BF1 Solutions Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 January 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt, 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).

In our opinion, 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 2019 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BF1 SOLUTIONS LIMITED (CONTINUED)

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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 Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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; or
- we have not received all the information and explanations we require for our audit.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BF1 SOLUTIONS LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

James Brown LLB ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Norwich

Date:

10 September 2019

BF1 SOLUTIONS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2019**

	Note	Period ended 31 January 2019 £
Turnover	4	5,420,101
Cost of sales		(3,422,437)
Gross profit		1,997,664
Administrative expenses		(1,528,495)
Other operating income	5	9,434
Operating profit	6	478,603
Interest receivable and similar income	10	1,002
Interest payable and expenses	11	(24,063)
Profit before taxation		455,542
Tax on profit	12	(107,570)
Profit for the financial period		347,972
Profit for the period attributable to:		
Non-controlling interests		(466)
Owners of the parent Company		348,438
		347,972

There were no recognised gains and losses for 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019.

The notes on pages 15 to 37 form part of these financial statements.

BF1 SOLUTIONS LIMITED
REGISTERED NUMBER:11377708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2019

	Note	2019 £
Fixed assets		
Intangible assets	14	333,452
Tangible assets	15	1,437,041
		<u>1,770,493</u>
Current assets		
Stocks	17	1,578,075
Debtors: amounts falling due within one year	18	2,771,930
Cash at bank and in hand	19	523,778
		<u>4,873,783</u>
Creditors: amounts falling due within one year	20	<u>(2,753,395)</u>
Net current assets		<u>2,120,388</u>
Total assets less current liabilities		<u>3,890,881</u>
Creditors: amounts falling due after more than one year	21	(1,463,842)
Provisions for liabilities		
Deferred taxation	23	(53,975)
Other provisions	24	(125,221)
		<u>(179,196)</u>
Net assets		<u><u>2,247,843</u></u>
Capital and reserves		
Called up share capital	25	700
Merger reserve	26	1,999,171
Profit and loss account	26	248,438
Non-controlling interests		(466)
		<u><u>2,247,843</u></u>

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



G Peel
Director

9 September 2019

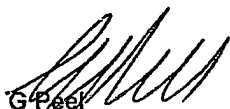
The notes on pages 15 to 37 form part of these financial statements.

BF1 SOLUTIONS LIMITED
REGISTERED NUMBER:11377708

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2019

	Note	2019 £
Fixed assets		
Investments	16	2,899,413
Current liabilities		
Creditors: amounts falling due within one year	20	(489,521)
Non-current liabilities		
Creditors: amounts falling due after more than one year	21	(410,021)
Net assets		<u>1,999,871</u>
Capital and reserves		
Called up share capital	25	700
Merger reserve	26	1,999,171
		<u>1,999,871</u>

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


G. Peck
Director

9 September 2019

The notes on pages 15 to 37 form part of these financial statements.

BF1 SOLUTIONS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2019**

	Called up share capital £	Merger reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
Comprehensive income for the period						
Profit for the period	-	-	348,438	348,438	(466)	347,972
Dividends: Equity capital	-	-	(100,000)	(100,000)	-	(100,000)
Shares issued during the period	700	-	-	700	-	700
Merger relief on premium paid	-	1,999,171	-	1,999,171	-	1,999,171
At 31 January 2019	700	1,999,171	248,438	2,248,309	(466)	2,247,843

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2019**

	Called up share capital £	Merger reserve £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Profit for the period	-	-	100,000	100,000
Dividends: Equity capital	-	-	(100,000)	(100,000)
Shares issued during the period	700	-	-	700
Merger relief on premium paid	-	1,999,171	-	1,999,171
At 31 January 2019	700	1,999,171	-	1,999,871

The notes on pages 15 to 37 form part of these financial statements.

BF1 SOLUTIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2019

	2019 £
Cash flows from operating activities	
Profit for the financial period	347,972
Adjustments for:	
Amortisation of intangible assets	37,050
Depreciation of tangible assets	94,279
Interest paid	24,063
Interest received	(1,002)
Taxation charge	(107,570)
(Increase) in stocks	(274,821)
(Increase) in debtors	(304,204)
Increase in creditors	605,117
Corporation tax received	214,652
Net cash generated from operating activities	635,536
Cash flows from investing activities	
Purchase of tangible fixed assets	(118,930)
Interest received	1,002
HP interest paid	(8,054)
Cash consideration	(339,871)
Cash inflow from acquisition	554,254
Net cash from investing activities	88,401

BF1 SOLUTIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2019

	2019 £
Cash flows from financing activities	
Repayment of loans	(11,308)
Repayment of finance leases	(72,842)
Dividends paid	(100,000)
Interest paid	(16,009)
Net cash used in financing activities	<u>(200,159)</u>
Net increase in cash and cash equivalents	<u>523,778</u>
Cash and cash equivalents at the end of the period	<u><u>523,778</u></u>
Cash and cash equivalents at the period end comprise:	
Cash at bank and in hand	523,778
	<u><u>523,778</u></u>

BF1 SOLUTIONS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 JANUARY 2019**

	Cash flows £	Acquisition of subsidiaries £	Movement in finance leases £	Other non- cash changes £	At 31 January 2019 £
Cash at bank and in hand	(30,476)	554,254	-	-	523,778
Debt due within 1 year	11,308	(22,774)	(11,627)	(149,521)	(172,614)
Debt due over 1 year	-	(666,043)	11,627	(410,021)	(1,064,437)
Finance leases	72,842	(116,909)	-	-	(44,067)
	<u>53,674</u>	<u>(251,472)</u>	<u>-</u>	<u>(559,542)</u>	<u>(757,340)</u>

The notes on pages 15 to 37 form part of these financial statements.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

1. General information

BF1 Solutions Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at The Technical Centre, Owen Road, Diss, Norfolk, United Kingdom, IP22 4ER. The Company was incorporated on 23 May 2018 and commenced its principal activity as a parent holding company on 31 July 2018 upon purchasing 100% of the ordinary share capital of BF1 Technologies Limited.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, 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.

2.3 Going concern

The Group has generated sufficient financial resources from its activities, which in conjunction with the forecasts prepared, allow the directors to believe that the Group is well placed to manage its business risks successfully in the current economic climate.

Accordingly, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate.

2.5 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 taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

- the 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 measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Leased assets

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated and Company Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

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

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

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

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

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 5 years.

2.14 Tangible fixed assets

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

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Short-term leasehold property	- length of the lease (10% straight line)
Plant and machinery	- 5% - 25% straight line

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

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

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

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

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 profit or loss.

2.17 Debtors

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

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

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

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

2. Accounting policies (continued)

2.20 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Consolidated and Company Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Consolidated and Company Statement of Financial Position.

2.21 Financial instruments

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

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

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

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

The Group has loan notes which are non-basic financial instruments. These are initially recognised at fair value at the date of issue. At each balance sheet date the fair value is remeasured with movements going through "Interest payable and expenses" within the Consolidated Statement of Comprehensive Income.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

2. Accounting policies (continued)

2.22 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 shareholders at an annual general meeting.

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

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Warranty Provision

Management review the provision annually, considering the likelihood of any claims, the number of claims that may be made and the potential cost to the business to fulfil the warranty commitment on any such claims. This requires judgement of management to assess the provision required.

Intangibles

The value of the goodwill acquired as a result of the business combination is based on estimated net assets at acquisition including the fair value adjustment of those net assets purchased.

4. Turnover

The whole of the turnover is attributable to the principle activities of the Group.

Analysis of turnover by country of destination:

	Period ended 31 January 2019 £
United Kingdom	1,612,842
Rest of Europe	2,960,001
Rest of the world	847,258
	<u>5,420,101</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

5. Other operating income

	Period ended 31 January 2019 £
Other operating income	9,434
	<u>9,434</u>

6. Operating profit

The operating profit is stated after charging:

	Period ended 31 January 2019 £
Depreciation on owned assets	80,038
Depreciation on assets held under finance leases	14,241
Exchange differences	10,229
Other operating lease rentals	19,067
Amortisation on goodwill	<u>37,050</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

7. Auditor's remuneration

	Period ended 31 January 2019 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	20,000
Fees payable to the Group's auditor in respect of:	
Taxation advisory and compliance services	13,000
Services relating to R&D claims	15,000
Other services - overseas subsidiary	2,732
	30,732

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £
Wages and salaries	1,750,597
Social security costs	157,926
Cost of defined contribution scheme	76,620
	1,985,143

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

	Period ended 31 January 2019 No.
Production	87
Administration	27
	114

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

9. Directors' remuneration

	Period ended 31 January 2019 £
Directors' emoluments	253,516
Company contributions to defined contribution pension schemes	15,000
	<u>268,516</u>

The highest paid director received remuneration of £80,665.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL.

10. Interest receivable

	Period ended 31 January 2019 £
Other interest receivable	1,002
	<u>1,002</u>

11. Interest payable and similar expenses

	Period ended 31 January 2019 £
Other loan interest payable	11,295
Mortgage interest payable	4,714
Finance leases and hire purchase contracts	8,054
	<u>24,063</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

12. Taxation

	Period ended 31 January 2019 £
Corporation tax	
Current tax on profits for the year	101,342
	<u>101,342</u>
Total current tax	<u>101,342</u>
Deferred tax	
Origination and reversal of timing differences	6,228
Total deferred tax	<u>6,228</u>
Taxation on profit on ordinary activities	<u>107,570</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

12. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Period ended 31 January 2019 £
Profit on ordinary activities before tax	455,542
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	86,553
Effects of:	
Non-tax deductible amortisation of goodwill	7,040
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(698)
Other differences leading to an increase in the tax charge	14,675
Total tax charge for the period	107,570

Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax from 20% to 17% from 1 April 2020 was announced in the Finance Bill 2016 and has since become substantively enacted. Deferred tax has been provided for at 17% in these accounts.

13. Dividends paid

	2019 £
Dividends paid	100,000
	100,000

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019

14. Intangible assets

Group

	Goodwill £
Cost	
Additions	370,502
At 31 January 2019	<u>370,502</u>
Amortisation	
Charge for the year	37,050
At 31 January 2019	<u>37,050</u>
Net book value	
At 31 January 2019	<u><u>333,452</u></u>

15. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Total £
Cost or valuation				
Additions	847,021	93,386	590,913	1,531,320
At 31 January 2019	<u>847,021</u>	<u>93,386</u>	<u>590,913</u>	<u>1,531,320</u>
Depreciation				
Charge for the period on owned assets	10,002	11,505	72,772	94,279
At 31 January 2019	<u>10,002</u>	<u>11,505</u>	<u>72,772</u>	<u>94,279</u>
Net book value				
At 31 January 2019	<u><u>837,019</u></u>	<u><u>81,881</u></u>	<u><u>518,141</u></u>	<u><u>1,437,041</u></u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

16. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
Additions	2,899,413
At 31 January 2019	<u>2,899,413</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
BF1 Technologies Limited	The Technical Centre, Owen Road, Diss, United Kingdom, IP22 4ER	Ordinary	100%
Bf1electronics Limited*	The Technical Centre, Owen Road, Diss, Norfolk, IP22 3ER	Ordinary	100%
BF1 Motorsport Holdings Limited**	The Technical Centre, Owen Road, Diss, Norfolk, IP22 3ER	Ordinary	100%
Bf1systems Limited**	The Technical Centre, Owen Road, Diss, Norfolk, IP22 4ER	Ordinary	100%
BF Systems Manufacturing ***	Building 3, Simeria Business Park, No. 20 Avram Iancu Street, Simeria, Hunedoara Country, Romania	Ordinary	99.6%

* 100% owned by BF1 Technologies Limited

** 100% owned by Bf1electronics Limited

*** 99.6% owned by Bf1systems Limited

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019

17. Stocks

	Group 2019 £
Raw materials and consumables	1,489,841
Work in progress (goods to be sold)	88,234
	<u>1,578,075</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2019 £
Trade debtors	2,087,644
Other debtors	42,869
Prepayments and accrued income	226,483
Tax recoverable	414,934
	<u>2,771,930</u>

Included within other debtors due within one year are loans to the directors of £33,332. The amounts do not accrue interest and are repayable on demand.

19. Cash and cash equivalents

	Group 2019 £
Cash at bank and in hand	<u>523,778</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

20. Creditors: Amounts falling due within one year

	Group 2019 £	Company 2019 £
Bank loans	23,093	-
Other loans	149,521	149,521
Trade creditors	1,061,418	-
Amounts owed to group undertakings	-	340,000
Corporation tax	608,480	-
Other taxation and social security	109,013	-
Obligations under finance lease and hire purchase contracts	38,132	-
Other creditors	189,903	-
Accruals and deferred income	573,835	-
	<u>2,753,395</u>	<u>489,521</u>

21. Creditors: Amounts falling due after more than one year

	Group 2019 £	Company 2019 £
Bank loans	654,416	-
Other loans	410,021	410,021
Net obligations under finance leases and hire purchase contracts	5,935	-
Other creditors	393,470	-
	<u>1,463,842</u>	<u>410,021</u>

The hire purchase and finance lease liabilities are secured against the assets to which they relate.

The bank loan disclosed relates to a property mortgage. The loan is repayable in 60 installments with a final lump sum due on maturity 60 months after drawdown. Interest is payable at 2.3% above the published base rate of National Westminster Bank PLC. The loan is secured by a legal charge over the freehold property.

During the period the Group issued £625k of loan notes as part of the business combination consideration. The loan notes are repayable in annual installments of £225,000. The loan notes do not accrue interest. A fair value exercise have been undertaken which determines the value of the loan notes to be £559,542 at inception. The difference of £115,458 has been deducted from the investment value and will be released over the life of the loan note instrument to the Consolidated Statement of Comprehensive Income.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

22. Loans

	Group 2019 £	Company 2019 £
Amounts falling due within one year		
Bank loans	23,093	-
Other loans	149,521	149,521
	<u>172,614</u>	<u>149,521</u>
Amounts falling due 1-2 years		
Bank loans	654,416	-
Other loans	223,225	223,225
	<u>877,641</u>	<u>223,225</u>
Amounts falling due 2-5 years		
Other loans	186,796	186,796
	<u>1,237,051</u>	<u>559,542</u>

23. Deferred taxation

Group

	2019 £
Charged to profit or loss	(6,228)
Arising on business combinations	(47,747)
At end of year	<u>(53,975)</u>

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019

23. Deferred taxation (continued)

	Group 2019 £
Accelerated capital allowances	(57,606)
Other timing differences	3,631
	<u>(53,975)</u>

24. Provisions

Group

	Warranty provision £
Arising on business combinations	125,221
At 31 January 2019	<u>125,221</u>

25. Share capital

	2019 £
Allotted, called up and fully paid	
70,000 Ordinary shares of £0.01 each	<u>700</u>

There is a single class of ordinary share. There are no restrictions on dividends and the repayment of capital.

During the period the Company issued 70,000 ordinary shares of £0.01 each to the directors. 69,999 ordinary shares were issued as part of the share-for-share exchange consideration on the purchase of BF1 Technologies Limited. See note 27 for further details.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

26. Reserves

Merger Reserve

The premium paid on business combination of subsidiary entity. See further details in note 27.

Profit and loss account

Includes all current and prior period retained profits and losses

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

27. Business combinations

During the year BF1 Solutions Limited purchased 100% of the ordinary share capital of BF1 Technologies Limited. The date of acquisition was 31 July 2018.

The share capital was purchased via cash, share-for-share exchange and loan note consideration. The Company issued 69,999 ordinary shares at a premium to the Directors. The Company has utilised s612 of the Companies Act 2006 to account for the premium paid in the share-for-share exchange under the merger relief rules.

The business combination has been accounted for under the acquisition method.

The value of the acquisition has been stated below, the difference between net assets and consideration paid has been included as goodwill on consolidation.

Acquisition of BF1 Technologies Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Tangible	1,412,390	-	1,412,390
Intangible	893,665	(893,665)	-
	<u>2,306,055</u>	<u>(893,665)</u>	<u>1,412,390</u>
Stocks	1,303,254	-	1,303,254
Debtors	2,467,700	-	2,467,700
Cash at bank and in hand	554,254	-	554,254
Total assets	<u>6,631,263</u>	<u>(893,665)</u>	<u>5,737,598</u>
Less creditors	<u>(3,208,816)</u>	-	<u>(3,208,816)</u>
Total identifiable net assets	<u>3,422,447</u>	<u>(893,665)</u>	<u>2,528,782</u>
Goodwill			<u>370,502</u>
Total purchase consideration			<u>2,899,284</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

**27. Business combinations (continued)
Consideration**

	£
Cash	339,742
Equity instruments (share-for-share exchange)	2,000,000
Debt instruments (loan notes)	559,542
Total purchase consideration	2,899,284

Cash outflow on acquisition

	£
Purchase consideration settled in cash	325,000
Directly attributable costs	14,871
	339,871
Less: Cash and cash equivalents acquired	(554,254)
Net cash inflow on acquisition	(214,383)

The results of BF1 Technologies Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	5,647,739
Profit for the period	657,135

28. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £76,620. Contributions totalling £15,583 were payable to the fund at the reporting date and are included in creditors.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

29. Commitments under operating leases

At 31 January 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £
Land and buildings	
Not later than 1 year	23,650
Later than 1 year and not later than 5 years	73,333
	96,983
	Group 2019 £
Other	
Not later than 1 year	8,539
Later than 1 year and not later than 5 years	17,077
	25,616

30. Related party transactions

The Company has taken advantage of the exemptions available under FRS 102 not to disclose balances and transactions with other wholly owned group undertakings.

BF Systems Manufacturing S.R.L is related to the BF1 Solutions Limited Group but is not wholly owned under the definitions of FRS 102.

During the 6 month period ending 31 January 2019 the following transactions occurred with fellow Group Companies:

	2019 £
Sales to BF Systems Manufacturing S.R.L	8,750
Purchases from BF Systems Manufacturing S.R.L	107,494

At the year end the following balances were owed to fellow group companies:

	2019 £
Amounts owed by BF Systems Manufacturing S.R.L	183,190

31. Controlling party

There is no ultimate controlling party at the period end.