

Registered number: 11377708

BF1 SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

TUESDAY



ACEC852Y

A11

17/10/2023

#80

COMPANIES HOUSE

BF1 SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

R A Branigan
G Peel
A D Robson
J R Shingleton
M P Simcox
J C Welham

Registered number

11377708

Registered office

The Technical Centre
Owen Road
Diss
Norfolk
IP22 4ER

Independent auditors

Larking Gowen LLP
Chartered Accountants & Statutory Auditors
Prospect House
Rouen Road
Norwich
NR1 1R1

BF1 SOLUTIONS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11 - 12
Company Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14 - 15
Company Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17 - 18
Consolidated Analysis of Net Debt	19
Notes to the Financial Statements	20 - 42

BF1 SOLUTIONS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their Strategic Report for the year ended 31 January 2023.

Business review and future outlook

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.

bf1systems Limited has two trading subsidiary companies, BF Systems Manufacturing SRL and KA Sensors Limited.

BF Systems Manufacturing SRL was established in September 2017, and is based in Deva, Romania, specialising in the design and manufacturing of wiring harnesses. The company continues to grow year on year.

KA Sensors Limited was acquired in 2021. KA Sensors Limited is a specialist sensor manufacturing company based in Grantham, Lincolnshire, providing a wide range of sensors to the motorsport industry.

The results for the year ended 31 January 2023 show that the group recorded turnover of £16,310,040 (2022: £12,617,409) representing a 29.3% increase. Gross profit margins decreased to 26.7% (2022: 31.3%). The challenges presented by the Covid-19 pandemic and Brexit continue to impact the supply chain. This has led to significant global supply chain uncertainty which has been further escalated by the current situation in Ukraine. This has contributed to the reduction in gross profit margin.

Following on from the impact of Covid-19 in the previous financial years, turnover has recovered, but profitability has been eroded.

Disappointingly, there was a reduction in operating profits, a loss of £74,762 compared to a profit of £505,625 in 2022. Although adjusted for one-off restructuring costs of £92,046, the comparable operating profit is £17,284. Lack of material availability, prior year stock corrections and restructuring costs contributed to the loss.

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

ISO 14001:2015 Environmental Management Certification

The group's three sites have now been assessed by BSI and the group has been recommended for certification. We are awaiting the assessments to clear BSI risk and compliance department before receiving our certificate. 2023 will be the first year where the group has been certified against the ISO 1400:2015 Environmental Management standard.

BF1 SOLUTIONS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

Beyond Net-Zero Company Certification

The group has been certified as a Net-Zero Company since 2020, having gone a further step in 2021 to become a Beyond Net-Zero company. To achieve this certification, an annual carbon footprint assessment for the group must be completed. As part of this assessment, we commit to projects to reduce our carbon footprint year on year with a targeted 58% reduction from our baseline by 2030. For our 2023 certification we had 144 tCO₂e of emissions for the group. To continue with our Beyond Net-Zero company certification we will offset 150% of these emissions by supporting two gold standard carbon offset projects as defined by the United Nations and the Kyoto Protocol.

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 financial KPIs for the business are turnover, gross profit margin, operating profit margin and net profit margin. The KPIs for the period ended 31 January 2023 are as follows:

	2023	2022
Turnover (£)	16,310,040	12,617,409
Gross profit margin (%)	26.7	31.3
Operating (loss)/profit margin (%)	(0.5)	4.0
Net (loss)/ profit margin (%)	(1.3)	2.8

Carbon emissions are a key non-financial KPI. Carbon intensity ratios calculated on key parameters are as follows:

	2023	2022
Carbon Intensity Ratio: Floor Area (kgCO ₂ e per sq.ft)	0.98	1.53
Carbon Intensity Ratio: Employees (tCO ₂ e per employee)	0.80	0.89
Carbon Intensity Ratio: Revenue (tCO ₂ e per £m)	5.36	8.82

Principal risks and uncertainties

Due to the nature of the markets in which the group operates, products are subject to technological advances and, as a result, obsolescence. The group is committed to continuing to invest in research and development and are confident that they are well placed to react effectively to future developments within the market.

The markets in which the group operates are highly competitive. Constant price monitoring and on-going market analysis are in place to mitigate this risk.

The group's operations expose it to 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.

BF1 SOLUTIONS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

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 intercompany trading balances that are designed to ensure the group has sufficient available funds for operations. The company and group carefully manages liquidity.

Interest rate risk

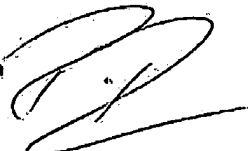
The group receives interest on its cash deposits at a variable rate. The deposits are not considered significant enough to warrant hedging. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Research and development activities

During the year, the group continued to conduct research and development activities, mainly relating to bespoke engineering applications for the motor racing and automotive industries.

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

R A Branigan
Director
Date:


18/7/23

BF1 SOLUTIONS LIMITED

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.

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 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 they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £90,143 (2022 - £545,197).

Dividends were paid during the year of £120,007 (2022: £113,305).

Directors

The directors who served during the year were:

R A Branigan
M D Norton (resigned 18 January 2023)
G Peel
A D Robson
J R Shingleton
M P Simcox
J C Welham

Matters covered in the Group Strategic Report

Information in respect of the business review and outlook, key performance indicators, future developments and principal risks and uncertainties can be found in the strategic report.

BF1 SOLUTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

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

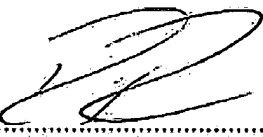
Post balance sheet events

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

Auditors

The auditors, Larking Gowen LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
R A Branigan

Director

Date:

18/7/23

BF1 SOLUTIONS LIMITED

INDEPENDENT AUDITORS' 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 year ended 31 January 2023, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the 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.

BF1 SOLUTIONS LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 year 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.

Matters on which we are required to report by exception

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.

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.

BF1 SOLUTIONS LIMITED

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

Auditors' 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 Auditors' 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 Group financial statements.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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:

Due to the field in which the Group operates, we identified the areas most likely to have a material impact on the financial statements as compliance with UK tax legislation, UK accounting standards and compliance with the UK Companies Act. In addition, we considered the provisions of other laws and regulations which whilst not having a direct impact on the financial statements, are fundamental to the Group's ability to operate, including, health and safety, employment law, and compliance with various other regulation relevant to the conduct of the Group's operations. Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, included the following:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations, accidents in the workplace, potential litigation or claims and fraud;
- Reviewing legal fees to confirm matters where the Group engaged lawyers during the year;
- Reviewing financial statement disclosures and tax matters, and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing board minutes and any relevant correspondence with external authorities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly around year end stock values;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of any significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

BF1 SOLUTIONS LIMITED

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

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 Auditors' 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 Auditors' 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.

Larking Gowen LLP

Anders Rasmussen (Senior Statutory Auditor)

for and on behalf of
Larking Gowen LLP

Chartered Accountants
Statutory Auditors

Norwich
26 July 2023

BF1 SOLUTIONS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2023**

	Note	2023 £	2022 £
Turnover	4	16,310,040	12,617,409
Cost of sales		(11,960,696)	(8,670,434)
Gross profit		4,349,344	3,946,975
Administrative expenses		(4,424,106)	(3,441,350)
Operating (loss)/profit	5	(74,762)	505,625
Interest receivable and similar income		11,548	353
Interest payable and similar expenses	9	(153,787)	(148,255)
(Loss)/profit before taxation		(217,001)	357,723
Tax on (loss)/profit	10	307,133	187,393
Profit for the financial year		90,132	545,116
Currency translation differences		(23,742)	(5,346)
Other comprehensive income for the year		(23,742)	(5,346)
Total comprehensive income for the year		66,390	539,770
Profit for the year attributable to:			
Non-controlling interests		(11)	(81)
Owners of the parent Company		90,143	545,197
		90,132	545,116

The notes on pages 20 to 42 form part of these financial statements.

BF1 SOLUTIONS LIMITED
REGISTERED NUMBER: 11377708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

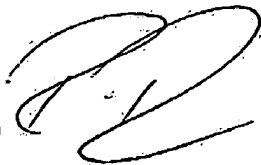
	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	291,797	387,733
Tangible assets	13	1,459,566	1,418,307
		<u>1,751,363</u>	<u>1,806,040</u>
Current assets			
Stocks	15	2,936,430	2,322,251
Debtors: amounts falling due within one year	16	3,937,282	3,091,117
Cash at bank and in hand	17	671,339	1,619,715
		<u>7,545,051</u>	<u>7,033,083</u>
Creditors: amounts falling due within one year	18	(4,462,046)	(3,294,629)
Net current assets		<u>3,083,005</u>	<u>3,738,454</u>
Total assets less current liabilities		<u>4,834,368</u>	<u>5,544,494</u>
Creditors: amounts falling due after more than one year	19	(1,409,003)	(2,110,108)
Provisions for liabilities			
Deferred taxation	22	(118,608)	(144,019)
Other provisions	23	(125,221)	(125,221)
		<u>(243,829)</u>	<u>(269,240)</u>
Net assets		<u><u>3,181,536</u></u>	<u><u>3,165,146</u></u>
Capital and reserves			
Called up share capital	24	644	708
Share premium account	25	44,498	44,498
Capital redemption reserve	25	64	-
Other reserves	25	(208,275)	(300,892)
Merger reserve	25	1,999,171	1,999,171
Profit and loss account	25	1,345,434	1,421,650
Non-controlling interests		-	11
		<u><u>3,181,536</u></u>	<u><u>3,165,146</u></u>

BF1 SOLUTIONS LIMITED
REGISTERED NUMBER: 11377708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JANUARY 2023

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

R A Branigan
Director



Date:

18/7/23.

The notes on pages 20 to 42 form part of these financial statements.

BF1 SOLUTIONS LIMITED
REGISTERED NUMBER: 11377708

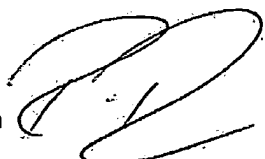
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	14	2,899,413	2,899,413
		<u>2,899,413</u>	<u>2,899,413</u>
Creditors: amounts falling due within one year	18	(785,509)	(727,233)
Net current liabilities		<u>(785,509)</u>	<u>(727,233)</u>
Total assets less current liabilities		<u>2,113,904</u>	<u>2,172,180</u>
Creditors: amounts falling due after more than one year	19	(109,096)	(209,989)
Net assets		<u><u>2,004,808</u></u>	<u><u>1,962,191</u></u>
Capital and reserves			
Called up share capital	24	644	708
Share premium account	25	44,498	44,498
Capital redemption reserve	25	64	-
Other reserves	25	(208,275)	(300,892)
Merger reserve	25	1,999,171	1,999,171
Profit and loss account brought forward		218,706	116,213
Profit for the year		92,617	178,144
Dividends and other adjustments		(142,617)	(75,651)
		<u>168,706</u>	<u>218,706</u>
Profit and loss account carried forward		<u><u>2,004,808</u></u>	<u><u>1,962,191</u></u>

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

R A Branigan
Director

Date:


18/7/23.

The notes on pages 20 to 42 form part of these financial statements.

BF1 SOLUTIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£	£
At 1 February 2022	708	44,498	-	(300,892)	1,999,171	1,421,650	3,165,135	11	3,165,146
Profit for the year	-	-	-	-	-	90,143	90,143	(11)	90,132
Currency translation differences	-	-	-	-	-	(23,742)	(23,742)	-	(23,742)
Dividends: Equity capital	-	-	-	-	-	(120,007)	(120,007)	-	(120,007)
Share transactions	-	-	64	-	-	(50,000)	(49,936)	-	(49,936)
Compound instrument: finance charge	-	-	-	(27,390)	-	27,390	-	-	-
Compound instrument: liability repayment	-	-	-	120,007	-	-	120,007	-	120,007
Share transactions	(64)	-	-	-	-	-	(64)	-	(64)
At 31 January 2023	644	44,498	64	(208,275)	1,999,171	1,345,434	3,181,536	-	3,181,536

BF1 SOLUTIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2022

	Called up share capital	Share premium account	Other reserves	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 February 2021	708	44,498	(376,543)	1,999,171	957,450	2,625,284	92	2,625,376
Profit for the year	-	-	-	-	545,197	545,197	(81)	545,116
Currency translation differences	-	-	-	-	(5,346)	(5,346)	-	(5,346)
Dividends: Equity capital	-	-	-	-	(113,305)	(113,305)	-	(113,305)
Compound instrument: finance charge	-	-	(37,654)	-	37,654	-	-	-
Compound instrument: liability repayment	-	-	113,305	-	-	113,305	-	113,305
At 31 January 2022	708	44,498	(300,892)	1,999,171	1,421,650	3,165,135	11	3,165,146

The notes on pages 20 to 42 form part of these financial statements.

BF1 SOLUTIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Merger reserve £	Profit and loss account £	Total equity £
At 1 February 2021	708	44,498	-	(376,543)	1,999,171	116,213	1,784,047
Profit for the year	-	-	-	-	-	178,144	178,144
Dividends: Equity capital	-	-	-	-	-	(113,305)	(113,305)
Compound instrument: finance charge	-	-	-	(37,654)	-	37,654	-
Compound instrument: liability repayment	-	-	-	113,305	-	-	113,305
At 1 February 2022	708	44,498	-	(300,892)	1,999,171	218,706	1,962,191
Profit for the year	-	-	-	-	-	92,617	92,617
Dividends: Equity capital	-	-	-	-	-	(120,007)	(120,007)
Share transactions	-	-	64	-	-	(50,000)	(49,936)
Compound instrument: finance charge	-	-	-	(27,390)	-	27,390	-
Compound instrument: liability repayment	-	-	-	120,007	-	-	120,007
Share transactions	(64)	-	-	-	-	-	(64)
At 31 January 2023	644	44,498	64	(208,275)	1,999,171	168,706	2,004,808

BF1 SOLUTIONS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2023**

	2023 £	2022 £
Cash flows from operating activities		
(Loss)/profit for the financial year	90,132	545,116
Adjustments for:		
Amortisation of intangible assets	128,054	96,261
Depreciation of tangible assets	238,519	238,841
Loss on disposal of tangible assets	-	6,694
Government grants	-	(5,346)
Interest paid	57,622	148,255
Interest received	(11,548)	(353)
Taxation charge	(307,133)	(187,393)
(Increase) in stocks	(614,179)	(1,007,203)
(Increase) in debtors	(851,904)	(869,068)
Increase in creditors	899,435	1,020,697
Corporation tax received	287,356	10,848
Net cash generated from operating activities	(83,646)	(2,651)
Cash flows from investing activities		
Purchase of intangible fixed assets	(32,118)	(189,298)
Purchase of tangible fixed assets	(279,778)	(255,459)
Sale of tangible fixed assets	-	3,221
Interest received	11,548	353
HP interest paid	(9,938)	(4,406)
Subsidiary deferred consideration	(150,000)	-
Net cash from investing activities	(460,286)	(445,589)
Cash flows from financing activities		
Repayment of loans	(425,953)	(248,061)
Repayment of other loans	-	(215,798)
Repayment of/new finance leases	(38,175)	63,583
Movements on invoice discounting	277,375	-
Dividends paid	(120,007)	(75,651)
Interest paid	(47,684)	(143,849)
Share transactions	(50,000)	-
Net cash used in financing activities	(404,444)	(619,776)
Net (decrease) in cash and cash equivalents	(948,376)	(1,068,016)
Cash and cash equivalents at beginning of year	1,619,715	2,687,731

BF1 SOLUTIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

	2023 £	2022 £
Cash and cash equivalents at the end of year	671,339	1,619,715
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	671,339	1,619,715
	671,339	1,619,715

The notes on pages 20 to 42 form part of these financial statements.

BF1 SOLUTIONS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 JANUARY 2023**

	At 1 February 2022 £	Cash flows £	Other non- cash changes £	At 31 January 2023 £
Cash at bank and in hand	1,619,715	(948,376)	-	671,339
Debt due after 1 year	(1,615,548)	38,834	350,087	(1,226,627)
Debt due within 1 year	(387,119)	387,119	(350,087)	(350,087)
Finance leases	(143,682)	38,175	-	(105,507)
	<u>(526,634)</u>	<u>(484,248)</u>	<u>-</u>	<u>(1,010,882)</u>

The notes on pages 20 to 42 form part of these financial statements.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

1. General information

BF1 Solutions Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at The Technical Centre, Owen Road, Diss, Norfolk, United Kingdom, IP22 4ER.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment 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 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 directors have considered the Company's and Group's position at the time of signing the financial statements. Detailed forecasts through to summer 2024 have been prepared, which based on relatively cautious sales expectations, show that the Group is profitable and has sufficient cash headroom.

The directors have concluded that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future, and at least twelve months from the date of approval of these financial statements. They therefore continue to adopt the going concern basis in preparing the financial statements.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

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 profit or loss 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 are recognised in other comprehensive income.

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 YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss 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: the Group as lessee

Assets obtained under hire purchase contracts 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss 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.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting date, except that:

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

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

2.14 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.

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

2.15 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 YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.15 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
Plant and machinery	- 5% - 25% straight line
Motor vehicles	- 25% straight line
Office equipment	- 33% straight line
Computer equipment	- 33% 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 profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 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.

2.18 Debtors

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

2.19 Cash and cash equivalents

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

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.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.20 Creditors

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

2.21 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 profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.22 Financial instruments

Except as set out below in relation to loan notes the Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

2. Accounting policies (continued)**2.22 Financial instruments (continued)**

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 similar expenses" within the Consolidated Statement of Comprehensive Income.

Compound instruments comprise both a liability and an equity component. The liability component is measured using the estimated market interest rate for a similar debt instrument and is accounted for as a financial instrument.

2.23 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.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

3. Judgments 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 accounts 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:

Stock provision

Management considers whether it is necessary to review the recoverability of stock and the associated provision required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated useability and saleability.

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.

Amortisation of goodwill

Accounting for goodwill involves the use of estimates and judgements for determining the useful life over which this is to be amortised and the existence and amount of any impairment.

Goodwill is amortised in equal installments over its estimated useful economic life. When the Group estimates useful life, various factors are considered including expected future utilisation of the assets concerned. The directors regularly review the useful life and change it as necessary to reflect the estimated current remaining life in light of future economic utilisation of the asset concerned. A significant change in asset life can have a significant change on amortisation charge for the period.

Compound instruments

As explained in notes 18 and 26, the estimate of the debt element of the A ordinary shares is dependent on an estimate of the market rate of a similar debt instrument, which is considered by the directors to be 10%, and on when an exit is likely to occur.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

4. Turnover

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

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	8,768,142	4,808,310
Rest of Europe	6,061,418	6,997,097
Rest of the world	1,480,480	812,002
	<u>16,310,040</u>	<u>12,617,409</u>

5. Operating (loss)/profit

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

	2023 £	2022 £
Depreciation on owned assets	209,546	210,288
Depreciation on assets held under finance leases	28,973	28,553
Amortisation	128,054	96,261
Exchange differences	(19,955)	59,791
Operating lease rentals	38,069	51,689
	<u>38,069</u>	<u>51,689</u>

6. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	5,350	4,725
	<u>5,350</u>	<u>4,725</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

7. Employees

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	5,116,337	3,759,018	-	-
Social security costs	491,877	362,593	-	-
Cost of defined contribution scheme	227,726	182,252	-	-
	<u>5,835,940</u>	<u>4,303,863</u>	<u>-</u>	<u>-</u>

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

	2023 No.	2022 No.
Production	95	90
Administration	30	25
	<u>125</u>	<u>115</u>

The Company has no employees other than the directors, who did not receive any remuneration (2022 - £NIL)

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	769,260	563,156
Group contributions to defined contribution pension schemes	48,177	34,921
	<u>817,437</u>	<u>598,077</u>

During the year retirement benefits were accruing to 4 directors (2022 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £202,586 (2022 - £190,826).

The directors are considered to be the key management of the Group.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

9. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	9,166	24,622
Loan interest payable	116,699	103,691
Mortgage interest payable	17,984	15,536
Finance leases and hire purchase contracts	9,938	4,406
	<u>153,787</u>	<u>148,255</u>

10. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	(276,300)	(223,091)
Adjustments in respect of previous periods	(5,422)	(23,188)
	<u>(281,722)</u>	<u>(246,279)</u>
Total current tax credit	<u>(281,722)</u>	<u>(246,279)</u>
Deferred tax		
Origination and reversal of timing differences	(25,411)	32,002
Changes to tax rates	-	26,884
Total deferred tax (credit) or charge	<u>(25,411)</u>	<u>58,886</u>
Taxation on loss on ordinary activities	<u>(307,133)</u>	<u>(187,393)</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

10. Taxation (continued)**Factors affecting tax charge for the year**

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

	2023 £	2022 £
(Loss)/profit on ordinary activities before tax	(217,001)	357,723
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(41,230)	67,967
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	18,290	18,290
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,376	11,910
Adjustments to tax charge in respect of prior periods	(5,422)	(23,188)
Other timing differences leading to an increase (decrease) in taxation	(6,405)	17,912
Research and development deduction leading to a (decrease) in the tax charge	(275,822)	(307,168)
Changes to tax rates	(5,920)	26,884
Total tax credit for the year	(307,133)	(187,393)

Factors that may affect future tax charges

The main rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023.

11. Dividends

	2023 £	2022 £
Dividends paid on A ordinary shares	120,007	113,305
	120,007	113,305

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

12. Intangible assets**Group**

	Software £	Goodwill £	Total £
Cost			
At 1 February 2022	188,008	481,307	669,315
Additions	32,118	-	32,118
At 31 January 2023	220,126	481,307	701,433
Amortisation			
At 1 February 2022	-	281,582	281,582
Charge for the year on owned assets	31,793	96,261	128,054
At 31 January 2023	31,793	377,843	409,636
Net book value			
At 31 January 2023	188,333	103,464	291,797
At 31 January 2022	188,008	199,725	387,733

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 February 2022	847,021	1,261,500	9,025	18,531	11,956	2,148,033
Additions	-	190,832	-	79,269	9,677	279,778
At 31 January 2023	847,021	1,452,332	9,025	97,800	21,633	2,427,811
Depreciation						
At 1 February 2022	80,118	636,883	1,128	8,782	2,815	729,726
Charge for the year on owned assets	20,004	190,915	2,256	19,156	6,188	238,519
At 31 January 2023	100,122	827,798	3,384	27,938	9,003	968,245
Net book value						
At 31 January 2023	746,899	624,534	5,641	69,862	12,630	1,459,566
At 31 January 2022	766,903	624,617	7,897	9,749	9,141	1,418,307

The net book value of plant and machinery includes £124,069 (2022: £153,042) held under finance leases or hire purchase contracts.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2022	2,899,413
At 31 January 2023	<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	Same as company	Ordinary	100%
Bf1electronics Limited*	Same as company	Ordinary	100%
BF1 Motorsport Holdings Limited**	Same as company	Ordinary	100%
bf1systems Limited**	Same as company	Ordinary	100%
BF Systems Manufacturing***	Depozitelor Street, No.23C, Deva City, Hunedoara Country, Romania.	Ordinary	100%
BF1 Systems LLC****	160 Mine Lake Court, Suite 200, Raleigh, Wake, North Carolina, United States of America	Membership interest	100%
KA Sensors Limited****	Same as company	Ordinary	100%
bf1systems GmbH ****	Brandlfeld 16 a, 86842, Turkheim, Germany	Ordinary	100%

*100% owned by BF1 Technologies Limited

**100% owned by Bf1electronics Limited

***100% owned by bf1systems Limited

****100% owned by bf1systems Limited

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

15. Stocks

	Group 2023 £	Group 2022 £
Raw materials and consumables	2,855,655	2,257,511
Work in progress (goods to be sold)	80,775	64,740
	<u>2,936,430</u>	<u>2,322,251</u>

The carrying value of stocks are stated net of impairment losses totalling £247,759 (2022 - £357,190). An impairment charge totalling £8,834 (2022 - £249,109 credit) is recognised in profit and loss.

16. Debtors

	Group 2023 £	Group 2022 £
Trade debtors	2,666,481	2,176,619
Other debtors	464,207	148,116
Prepayments and accrued income	301,781	255,830
Tax recoverable	504,813	510,552
	<u>3,937,282</u>	<u>3,091,117</u>

17. Cash and cash equivalents

	Group 2023 £	Group 2022 £
Cash at bank and in hand	671,339	1,619,715
	<u>671,339</u>	<u>1,619,715</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

18. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	350,087	387,119	-	-
Payments received on account	529,991	211,492	-	-
Trade creditors	1,799,022	924,130	-	-
Amounts owed to group undertakings	-	-	686,330	636,330
Corporation tax	-	105	-	-
Other taxation and social security	236,684	146,519	-	-
Obligations under finance lease and hire purchase contracts	32,227	32,665	-	-
Proceeds of factored debts	277,375	-	-	-
Other creditors	283,116	184,127	99,179	90,903
Accruals and deferred income	953,544	1,408,472	-	-
	<u>4,462,046</u>	<u>3,294,629</u>	<u>785,509</u>	<u>727,233</u>

The A ordinary shares described in note 24 are entitled to non-discretionary dividends. The A ordinary shares are therefore a compound instrument consisting of both a debt and equity element. The company's obligation to make the non-discretionary dividend payment is recognised as a liability of £208,275 (2022: £300,892). This is the estimated future dividend obligation discounted to present value, using a rate of 10%, which the directors estimate to be the market rate of a similar debt instrument. The liability is included in other creditors and is split £99,179 (2022: £90,903) falling due within one year and £109,096 (2022: £209,989) falling due after more than one year.

The proceeds of factored debts are secured against property, shares in subsidiaries and certain other assets.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

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

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Bank loans	1,226,627	1,615,548	-	-
Net obligations under finance leases and hire purchase contracts	73,280	111,017	-	-
Other creditors	109,096	383,543	109,096	209,989
	<u>1,409,003</u>	<u>2,110,108</u>	<u>109,096</u>	<u>209,989</u>

The bank loans are a property mortgage and a CBILS loan and are secured by a legal charge over the freehold property.

The mortgage is repayable over 20 years. Interest is payable at 3.1% for the first 5 years, and then at 1.75% above the published base rate of National Westminster Bank Plc.

The CBILS loan was granted with a 12 month capital payment holiday, where the interest is paid by the Government. The loan is then repayable over a 48 month period. Interest is charged at 2.62% above the published base rate of the National Westminster Bank Plc for the duration of the loan.

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

20. Loans

	Group 2023 £	<i>Group 2022 £</i>
Amounts falling due within one year		
Bank loans	350,087	387,119
Amounts falling due 1-2 years		
Bank loans	376,559	386,243
Amounts falling due 2-5 years		
Bank loans	355,849	717,230
Amounts falling due after more than 5 years		
Bank loans	494,219	512,075
	<u>1,576,714</u>	<u>2,002,667</u>

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £	Group 2022 £
Within one year	43,983	43,983
Between 1-5 years	77,882	121,865
Interest	(16,358)	(22,166)
	105,507	143,682

22. Deferred taxation**Group**

	2023 £	2022 £
At beginning of year	144,019	85,133
Charged to profit or loss	(25,411)	58,886
At end of year	118,608	144,019

	Group 2023 £	Group 2022 £
Accelerated capital allowances	145,689	168,112
Tax losses carried forward	(21,022)	(20,003)
Other timing differences	(6,059)	(4,090)
	(118,608)	(144,019)

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

23. Provisions**Group**

	Warranty provision £
At 1 February 2022	125,221
At 31 January 2023	125,221

In respect of the warranty provision, best estimates have been made of the expected costs that will be incurred on products that have been sold, but are felt to have a future liability for the group.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

24. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
44,545 (2022 - 50,908) ordinary shares of £0.01 each	445	509
19,092 (2022 - 19,092) A ordinary shares of £0.01 each	191	191
354 (2022 - 354) B ordinary shares of £0.01 each	4	4
353 (2022 - 353) growth shares of £0.01 each	4	4
	644	708

On 18 January 2023 the company purchased and cancelled 6,363 ordinary shares of £0.01.

The holders of A ordinary shares are entitled to receive in priority to the holders of the ordinary shares and B ordinary shares the Priority Dividend Long Term Dividend (as defined in the articles). Thereafter the distribution of profits is pro rata amongst the holders of the ordinary shares, A ordinary shares and B ordinary shares. The growth shares are not entitled to distributions.

The capital rights attached to the shares on a liquidation and exit differ between class of share and are set out in the Articles of Association, article 3.2.

Ordinary shares, A ordinary shares and B ordinary shares carry voting rights. Growth shares are non-voting

All shares are non-redeemable.

As described in note 18, the A ordinary shares are a compound instrument consisting of both a debt and equity element. The debt element is recognised as a liability in other creditors.

In August 2022 the company issued options over 5,044 C ordinary shares to employees of the group. The exercise price is £1. The options can only be exercised on the sale of Company, or its listing. The options lapse after 10 years, or if the individuals cease to be employees. 582 options lapsed in the period, leaving 4,462 outstanding at the period end. The fair value of the options at the date of grant is considered immaterial, and no accounting entries are recognised in the financial statements for the options.

BF1 SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

25. Reserves

Share premium account

The share premium account records the amount of consideration received for shares sold, less their nominal value.

Capital redemption reserve

The nominal value of share capital purchased by the company and cancelled.

Other reserves

The company's estimated non-discretionary future dividend obligation discounted to present value.

Merger Reserve

The premium paid on business combination of subsidiary entity.

Profit and loss account

Includes all current and prior period retained profits and losses.

26. Contingent liabilities

Under the terms of the A ordinary shares, from 1 February 2025 the holder is entitled to a Long Term Dividend until the date the ordinary shares, A ordinary shares and B ordinary shares are acquired by an independent third party ("an exit"). The dividend is calculated as the higher of 10% of net profit and £240,014 per annum. The company calculates the fair value of this liability based on the probability of an exit event occurring at various future dates, and a weighted average dividend payment thereafter calculated, discounted to present value using the estimated market value of a similar debt instrument. The probability attached to the timing of an event and resultant change to the fair value of the dividend payments will be reassessed each year. At 31 January 2023 the directors have assessed the probability of an exit occurring before the payments of any Long Term Dividend is triggered as being 100% and accordingly assess the fair value of the instrument as at that date as being zero.

27. 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 £227,726 (2022: £182,252). Contributions totalling £32,875 (2022: £24,061) were payable to the fund at the reporting date and are included in creditors.

The group also pays the premium for a group life assurance scheme policy for all employees.

BF1 SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

28. Commitments under operating leases

At 31 January 2023 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £
Not later than 1 year	70,722	44,685
Later than 1 year and not later than 5 years	282,888	84,000
Later than 5 years	239,454	40,849
	593,064	169,534

29. 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.

During the year management charges of £53,443 (2022: £50,391) were charged by BGF Investments Limited, a company under common control of BGF Group LP. BGF Group LP has significant influence over the group by way of its shareholding in BF1 Solutions Limited.

During the year the group paid management charges of £30,264 (2022: £30,193) to Deben Management Limited, a company under the control of one of the directors.

30. Controlling party

The company has no single ultimate controlling party.