

Registered number

01261602

England and Wales

BRIGADE ELECTRONICS PLC

Financial Statements

For the year ended 31 January 2013



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Directors, officers and advisers

Directors

Mr C P Hanson-Abbott
Mr P J Hanson-Abbott
Mr I W Sillars
Mr T C Brett
Mr S A Matthews
Mr N P Moody

Secretary and registered office

Mr I W Sillars
Brigade House
The Mills
Station Road
South Darenth
Kent DA4 9BD

Registered number

01261602

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick, West Sussex
RH6 0PA

Bankers

HSBC Bank plc
90 Baker Street
London, W1U 6AX

Directors' report for the year ended 31 January 2013

The Directors present their report and the audited financial statements for the year ended 31 January 2013

The principal activity of the group is the design, marketing and distribution of vehicle movement safety systems

Results and dividends

The results for the year are shown on the profit and loss account on page 7. Company profit for the year after taxation was £996,895 (2012 - £870,225)

The group has a policy of ensuring adequate earnings are retained to finance the business after which the retained profit for the year is used to finance expansion and pay dividends to the immediate parent, the latter to normally be at least 25% of the yearly post-tax profit. Accordingly, an interim dividend of £250,000 (43 0p per share) was paid in the year (2012 - £400,000, 68 9p per share)

Review of the business

Market conditions recovered slightly in the UK which, combined with an increasing realisation of the benefits of our products, lifted UK sales by 21%. This reflects the relatively long marketing time scale needed. Overseas markets were challenging, particularly in parts of Europe, making an increase in overseas sales of 6% satisfactory in the circumstances. Margins dropped slightly reflecting the difficult conditions overseas. The company strategy of developing overseas markets remains the best long term option.

The retained profit has been used to strengthen the balance sheet and allow for further expansion. Stock levels were unusually high at the year end, representing normal fluctuations, and have since reduced. The investment in research and development enables the company's products to develop in line with a rapidly changing market place.

Key performance indicators (KPIs)

The company uses a variety of key performance indicators, calculated monthly to monitor the business. These KPIs include the monitoring of sales, margins, debtors, stock, cash and breakeven turnover, which allows immediate action if required.

Financial KPIs

Turnover increased by 12% over the past year, with solid growth in the UK and progress overseas. The policy of increased sales through expansion of the market place and development of new products continues.

Gross profit margin - the company strives to improve efficiency and control the gross margin. The gross margin fell slightly to 42% (2012 - 43%) reflecting exchange rate movements and market pressures during the year.

Non Financial KPIs

Product Quality - The company has a commitment to quality and the Warranty Return rates of our products are measured and used to identify any areas requiring action to sustain the high quality of the company's products.

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

Sales of BBS-tek - BBS-tek technology delivers a safer solution to tonal alarms and the company is committed to increasing the sales quantity of reversing and travel alarms using BBS-tek.

Future developments

New Product Introduction - The company is known for its innovation in the industry and is committed to introducing one new technology or product group per year specifically targeted at improving vehicle safety.

Directors' report for the year ended 31 January 2013 (continued)

Risks and uncertainties

Market and credit risk

The company supplies safety products to a wide range of customers and markets minimising the risk in any one market or failure of any one customer

Supply and currency risk

The company diversifies purchases over a number of Far Eastern countries to minimise the risk of any disruption to supply. Purchases and sales are in different currencies with consequent vulnerability to exchange rate fluctuations, however the impact on margins is minimised by the relatively short timescales and ability to rapidly change prices

Directors

The Directors who served during the year were

Mr C P Hanson-Abbott	Chairman
Mr P J Hanson-Abbott	Managing Director
Mr I W Sillars	Financial Director
Mr T C Brett	Marketing Director
Mr S A Matthews	Engineering Director
Mr N P Moody	Sales Director

Directors' responsibilities

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

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

In preparing these financial statements, the directors are required to

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

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

Research and development

The company is committed to the development of its product range and therefore conducts a continuous programme of product research and development. Expenditure incurred in the year increased to £501,885 (2012 - £467,609) reflecting the importance given to this activity.

Directors' report for the year ended 31 January 2013 (continued)

Creditor payment policy

The company agrees terms and conditions for business transactions with its suppliers and payment is then made accordingly. The number of supplier days represented by trade creditors was calculated as 76 at 31 January 2013 (2012 - 87 days).

Employees

Arrangements exist to keep all employees informed on matters of concern to them and information on the performance of the Company and is disseminated widely. Employees are encouraged to be concerned with the performance of the Company and a profit-related bonus scheme operates to emphasise this.

Disabled employees

The Company gives full consideration to the applications for employment by disabled persons.

Political and charitable contributions

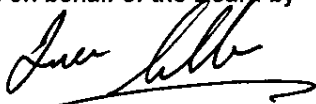
The Company made charitable donations of £48,243 (2012 - £69,751) during the year. No political contributions were made during the year.

Auditors

All of the current directors have taken every step that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

Signed on behalf of the Board by



MR I W SILLARS

Company Secretary and Director

Approved by the Board on ~~30~~ July 2013

Independent auditor's report to the members of Brigade Electronics Plc

We have audited the financial statements of Brigade Electronics Plc for the year ended 31 January 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement, the note of historical cost profits and losses and the relevant notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2013 and of the profit for the year to 31 January 2013 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.

Independent auditor's report to the members of Brigade Electronics Plc (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year ended 31 January 2013 for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept , or returns adequate for our audit have not been received from branches not visited by us, or
- the company's 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



John Everingham (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

30 July 2013

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

Profit and loss account for the year ended 31 January 2013

	Notes	<u>2013</u> £	<u>2012</u> £
Turnover	2	13,231,719	11,833,007
Cost of sales		(7,639,439)	(6,685,843)
Gross profit		<u>5,592,280</u>	<u>5,147,164</u>
Distribution costs		(2,657,708)	(2,341,576)
Administrative expenses		<u>(1,880,304)</u>	<u>(1,824,838)</u>
		<u>(4,538,012)</u>	<u>(4,166,414)</u>
Operating profit	3	1,054,268	980,750
Other interest receivable and similar income		278	119
Interest payable and similar charges	6	<u>(37,800)</u>	<u>(46,125)</u>
Profit on ordinary activities before taxation		1,016,746	934,744
Taxation on profit on ordinary activities	7	<u>(19,851)</u>	<u>(64,519)</u>
Profit for the financial year		<u>996,895</u>	<u>870,225</u>

All amounts relate to continuing activities

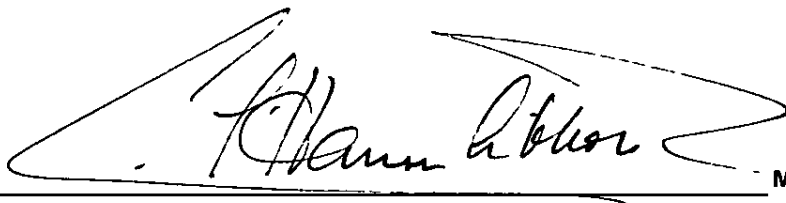
All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on page 10 to 15 form part of these financial statements

Balance sheet at 31 January 2013

Registered number 01261602

	Notes	<u>2013</u> £	<u>2012</u> £
Fixed assets			
Tangible assets	8	412,909	405,603
Current assets			
Stock	9	2,918,357	2,057,896
Debtors	10	2,822,106	2,590,472
Cash at bank and in hand		564,791	865,379
		<u>6,305,254</u>	<u>5,513,747</u>
Creditors amounts falling due within one year	11	<u>(2,485,556)</u>	<u>(2,433,638)</u>
Net current assets		<u>3,819,698</u>	<u>3,080,109</u>
Total assets less current liabilities		<u>4,232,607</u>	<u>3,485,712</u>
Capital and reserves			
Share capital	12	581,200	581,200
Profit and loss account	13	3,631,407	2,884,512
Capital redemption reserve		20,000	20,000
Shareholders' funds	15	<u>4,232,607</u>	<u>3,485,712</u>

Approved by the board of directors on **30** July 2013 and signed on its behalf by

Mr C P Hanson-Abbott - Director

The notes on pages 10 to 15 form part of these financial statements

Cash flow statement for the year ended 31 January 2013

	Notes	<u>2013</u> £	<u>2012</u> £
Operating activities			
Net cash flow from operating activities	16a	229,963	1,675,934
Returns on investments and servicing of finance			
Interest and similar income received		278	119
Interest and similar charges paid		<u>(37,800)</u>	<u>(46,125)</u>
Net cash flow from returns on investment and servicing of finance		(37,522)	(46,006)
Taxation			
Corporation tax paid		(103,913)	(35,265)
Capital expenditure			
Payments to acquire tangible fixed assets		(154,466)	(183,515)
Receipts from sale of tangible fixed assets		<u>15,350</u>	<u>5,300</u>
		(139,116)	(178,215)
Equity dividends paid		(250,000)	(400,000)
Net cash (outflow) / inflow before financing		<u>(300,588)</u>	<u>1,016,448</u>
Financing			
Overdraft facility repayment		-	(202,272)
(Decrease) / increase in cash	16c	<u><u>(300,588)</u></u>	<u><u>814,176</u></u>

The notes on pages 10 to 15 form part of these financial statements

BRIGADE ELECTRONICS PLC

Notes to the statements for the year ended 31 January 2013

1 Accounting Practices

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards

b) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, and similar levies. The revenue is recognised once goods are dispatched and services rendered

c) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Motor Vehicles	25% on cost
Equipment, fixtures and fittings - computer equipment	25% reducing balance
Equipment, fixtures and fittings - other	15% reducing balance
Plant and machinery	25% reducing balance
Tooling	33% on cost

d) Stock

Stock and work in progress are valued at the lower of cost and estimated net realisable value

Cost of raw materials is determined on the first in first out basis. In the case of work in progress and finished goods, cost includes all direct expenditure and product overheads based on the normal level of activity. Net realisable value is the price at which the stock can be realised in the normal course of business, less further costs to completion of sale

e) Foreign currency translation

All gains and losses on exchange are dealt with in the profit and loss account

f) Pension scheme

The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to this scheme are charged to the profit and loss account as they become payable

g) Operating leases

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

h) Research and development

Expenditure on research and development is written off in the year of expenditure through the profit and loss account

2 Turnover

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

	<u>2013</u>	<u>2012</u>
Turnover analysed by geographical area	£	£
Sales - UK	5,640,193	4,660,453
Sales - Overseas	7,591,526	7,172,554
	<u>13,231,719</u>	<u>11,833,007</u>

BRIGADE ELECTRONICS PLC

Notes to the statements for the year ended 31 January 2013 (continued)

3 Profit on ordinary activities before taxation

This is stated after charging

	<u>2013</u>	<u>2012</u>
	£	£
Depreciation of owned assets	144,578	126,384
(Profit) / loss on disposal of tangible fixed assets	(12,768)	514
Loss on foreign exchange	4,130	61,711
Payment to auditors	15,000	15,000
- audit fee		
- non-audit services	10,780	2,206

4 Employee information

Staff costs	<u>2013</u>	<u>2012</u>
	£	£
Wages & Salaries	1,403,242	1,419,315
Social security costs	208,894	157,544
Other pension costs	146,412	35,517
	<u>1,758,548</u>	<u>1,612,376</u>

The average number of persons employed during the year, including executive directors, was made up as follows

	<u>2013</u>	<u>2012</u>
	Number	Number
Operations	11	10
Sales & marketing	24	23
Administration & technical	22	21
Total	<u>57</u>	<u>54</u>

5 Directors' emoluments

	<u>2013</u>	<u>2012</u>
	£	£
Emoluments	474,894	467,946
Company contributions to pension schemes	81,697	84,969
	<u>556,591</u>	<u>552,915</u>

Amounts paid in respect of the highest paid Director are as follows

	<u>2013</u>	<u>2012</u>
	£	£
Emoluments	120,398	119,715
Company contributions to money purchase pension schemes	5,401	2,678
	<u>125,799</u>	<u>122,393</u>

6 Interest payable and similar charges

	<u>2013</u>	<u>2012</u>
	£	£
On bank loans and overdrafts	<u>37,800</u>	<u>46,125</u>

BRIGADE ELECTRONICS PLC

Notes to the statements for the year ended 31 January 2013 (continued)

7 Tax on profit on ordinary activities

	<u>2013</u>	<u>2012</u>
	£	£
Analysis of tax charge		
United Kingdom corporation tax at 24 3% (2012 - 26 3%)	22,590	85,595
Adjustment in respect of previous year	<u>(2,739)</u>	<u>(21,076)</u>
	<u>19,851</u>	<u>64,519</u>
Factors affecting the tax charge for the year		
Pre-tax profit	1,016,746	934,744
Enhanced R&D expenditure	(538,037)	(427,295)
Disallowable expenses	146,225	138,916
Group relief	(420,457)	(159,642)
Capital allowances etc	<u>(104,931)</u>	<u>(154,654)</u>
	99,545	332,069
United Kingdom corporation tax at 24 3% (2012 - 26 3%)	24,219	86,338
Marginal relief	<u>(1,630)</u>	<u>(743)</u>
Total current tax charge	<u>22,590</u>	<u>85,595</u>

8 Tangible fixed assets

	<u>Tooling</u>	<u>Motor vehicles</u>	<u>Equipment fixtures and fittings</u>	<u>Plant and machinery</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 01 February 2012	52,407	252,553	654,763	60,489	1,020,212
Additions	5,938	112,374	21,314	14,840	154,466
Disposals	-	(73,197)	-	-	(73,197)
At 31 January 2013	<u>58,345</u>	<u>291,730</u>	<u>676,077</u>	<u>75,329</u>	<u>1,101,481</u>
Depreciation					
At 01 February 2012	18,583	165,703	426,185	4,138	614,609
Provision for the year	18,543	56,996	52,386	16,653	144,578
Adjustment for disposals	-	(70,615)	-	-	(70,615)
At 31 January 2013	<u>37,126</u>	<u>152,084</u>	<u>478,571</u>	<u>20,791</u>	<u>688,572</u>
Net book value					
At 31 January 2013	<u>21,219</u>	<u>139,646</u>	<u>197,506</u>	<u>54,538</u>	<u>412,909</u>
At 31 January 2012	<u>33,824</u>	<u>86,850</u>	<u>228,578</u>	<u>56,351</u>	<u>405,603</u>

9 Stock

	<u>2013</u>	<u>2012</u>
	£	£
Finished goods and goods for resale	<u>2,918,357</u>	<u>2,057,896</u>

10 Debtors

	<u>2013</u>	<u>2012</u>
	£	£
Trade debtors	1,575,918	1,972,255
Other debtors	17,865	3,906
Other tax and social security	121,018	-
Amounts owed by group undertakings	937,071	524,009
Prepaid expenses and accrued income	<u>170,234</u>	<u>90,302</u>
	<u>2,822,106</u>	<u>2,590,472</u>

BRIGADE ELECTRONICS PLC

Notes to the statements for the year ended 31 January 2013 (continued)

11 Creditors amounts falling due within one year

	<u>2013</u>	<u>2012</u>
	£	£
Trade creditors	1,588,123	1,612,871
Other creditors	14,693	22,917
Pension creditor	9,433	7,387
Corporation tax	-	84,062
Other tax and social security	42,891	63,064
Accruals and deferred income	830,416	643,337
	<u>2,485,556</u>	<u>2,433,638</u>

Other creditors include hire purchase creditor of £17,500 of which £12,500 is repayable between two to five years

12 Share capital

	<u>2013</u>	<u>2012</u>
	£	£
Allotted, called up and fully paid		
Equity shares		
Ordinary shares of £1 each	<u>581,200</u>	<u>581,200</u>

13 Reserves

	<u>2013</u>	<u>2012</u>
	£	£
	<u>Profit and</u>	<u>Profit and</u>
	<u>loss</u>	<u>loss</u>
	<u>account</u>	<u>account</u>
At 01 February	2,884,512	2,414,289
Profit for the year	996,895	870,223
Dividends paid (note 14)	(250,000)	(400,000)
At 31 January	<u>3,631,407</u>	<u>2,884,512</u>

14 Dividends

	<u>2013</u>	<u>2012</u>
	£	£
On equity shares		
Interim dividends in respect of the year ended 31 January	<u>250,000</u>	<u>400,000</u>

15 Reconciliation of movement in shareholders' fund

	<u>2013</u>	<u>2012</u>
	£	£
Profit for the year	996,895	870,223
Dividends paid	(250,000)	(400,000)
Net additions to shareholders' funds	746,895	470,223
Shareholders' funds at 01 February	3,485,712	3,015,489
Shareholders' funds at 31 January	<u>4,232,607</u>	<u>3,485,712</u>

BRIGADE ELECTRONICS PLC

Notes to the statements for the year ended 31 January 2013 (continued)

16 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash flow from operating activities

	<u>2013</u> £	<u>2012</u> £
Operating profit	1,054,268	980,750
Depreciation charge	144,578	126,384
(Profit) / loss on sale of fixed assets	(12,768)	514
(Increase) / decrease in stock	(860,461)	603,719
(Increase) in debtors	(231,634)	(1,618)
Increase / (decrease) in creditors	135,980	(33,815)
Net cash inflow from operating activities	<u>229,963</u>	<u>1,675,934</u>

b) Analysis of change in net debt

	<u>Brought forward</u> £	<u>Cash flows</u> £	<u>Other Changes</u> £	<u>Earned forward</u> £
Cash at bank	865,379	(300,588)	-	564,791
	<u>865,379</u>	<u>(300,588)</u>	<u>-</u>	<u>564,791</u>

c) Reconciliation of net cash flow to movement in debt

	<u>2013</u> £	<u>2012</u> £
Net (decrease) / increase in cash	(300,588)	814,176
Other movements	-	228,613
Changes in (net debt) / net funds	(300,588)	1,042,789
Net funds / (net debt) at 1 February	865,379	(177,410)
Net funds at 31 January	<u>564,791</u>	<u>865,379</u>

17 Related party transactions

Group companies

At the balance sheet date, sales to and amounts due to/(from) Brigade Electronics Plc and fellow group companies were as follows

	<u>Sales</u> <u>2013</u> £	<u>Sales</u> <u>2012</u> £	<u>Balance</u> <u>2013</u> £	<u>Balance</u> <u>2012</u> £
Brigade Electronics Inc	107,274	249,033	105,266	9,292
Brigade Elektronik GmbH	1,429,131	1,395,810	200,710	110,199
Brigade Elettronica SRL	609,287	731,747	98,581	22,302
Brigade (bbs-tek) Limited	-	-	-	-
Brigade (Holdings) Limited	-	-	534,625	769,290
Brigade Electronics BV	93,430	96,509	15,497	12,926
Brigade Elektronika (Pty) Ltd *	296,900	83,339	160,016	30,502

* full year figures

Material interests of directors

During the year the company sold goods in the course of business to an associated company, Brigade Electronique sarl, for £639,306 (2012 - £597,333) The associated company is one in which Mr C P Hanson-Abbott and Mr P J Hanson-Abbott jointly have a controlling interest The balance outstanding at year end was £72,376 (2012- £126,834)

At 26 October 2012 Brigade (Holdings) Limited acquired a controlling interest in Brigade Elektronik (Pty) Ltd by the transfer of shares previously held by Mr C P Hanson-Abbott and Mr P J Hanson-Abbott and purchased from a third party The goods sold in the ordinary course of business are shown above

During the year the company sold goods in the course of business to an associated company, Brigade Automotive Limited, for £20,367 (2012 - £8,357) The associated company is one in which Mr C P Hanson-Abbott and Mr P J Hanson-Abbott jointly have a controlling interest The balance outstanding at year end was £10,968 (2012 - £7,120)

BRIGADE ELECTRONICS PLC

Notes to the statements for the year ended 31 January 2013 (continued)

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

Land and buildings	<u>2013</u>	<u>2012</u>
	£	£
Operating leases which expire		
In two to five years	50,000	50,000
After five years	52,000	52,000
	<u>102,000</u>	<u>102,000</u>

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

19 Capital commitments

The company had capital commitments of £ nil as at 31 January 2013 (2012 - £17,080)

20 Contingent liabilities

The company is a party to the group's funding and credit facilities, under which there are cross guarantees, a fixed and floating charge and indemnities. At the 31 January 2013 the company's liability for other group companies was £ nil (2012 - £ nil). The company's contingent liabilities under documentary credits as at 31 January was of £165,284 (31 January 2012 - £960,525).

21 Holding company

The company is a wholly owned subsidiary of Brigade (Holdings) Limited.
The ultimate controlling party is Mr C P Hanson-Abbott.