

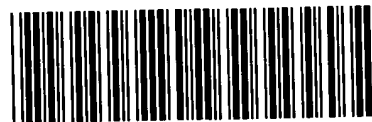
Bachmann Europe Plc

**Annual report and consolidated
financial statements**

Registered number 02392907

31 December 2021

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Group strategic report

Business review

Combined group turnover increased by 24.3% in 2021, with gross profit increasing by 24.2% resulted in an increase in operating profit of £185,000 to £534,000.

Production stabilised in the year compared to 2020, with a steady flow of new product arriving throughout the year with our customers. The strategic change in the way new products are announced quarterly, followed very closely with delivery, is proving to be very popular with our customers and consumers alike. 2021 saw a continuation for the strong demand of newly tooled products which were again being delivered right up to the end of the year and contributed to a strong finish to the year.

The continued profits have allowed us to maintain investment on a board front benefiting our staff and customers alike. Our commitment to investing in new product tooling continues across our core ranges to enable an ongoing strategy of development in all areas. In the year we purchased additional property to secure our warehousing facilities.

Stock levels increased by 15% on 2020 due to a significant quantity of new items arriving in the last quarter. We remain resolute on reducing our stock holding through 2022.

Impact of Covid 19 on the business

Covid 19 was still impacting the supply from some of our vendors during the first quarter of 2021 but to a lesser extent than in 2020. At the end of quarter one, year on year sales were considerably up on the same period last year.

Impact of Brexit on the business

The impact of Brexit has been minimal due to the established operation in Germany. This ensures the company is well placed to supply the wider European market from either within or outside the European market.

Principal Risks and Uncertainties Facing the Company

Mitigation of the key risk as identified by the board is the interruption of supply from our main supplier and this remains the priority of the business.

Future Development

2021 saw the further benefits from our ERP with the launch of an integrated Spares web site, which allows our consumers greater visibility of items available. Further items will be added to the site as time progresses. This platform is part of the strategic development of the company and demonstrates the added value and after sales support associated with our products.

Germany continues to operate at break-even before depreciation and taxation. The stock value has risen at the same rate as the UK during the year and efforts are being made to reduce further in the coming year.

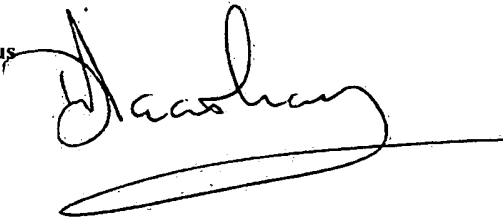
Our order book from customers remains strong with over £7.4 million worth of back orders valued as standard UK trade price. Two years ago, we implemented the strategic decision on not to announce new items until three months before they are due into stock. As orders for previously announced stock are flowing through, it is very encouraging to see the back order value to have increased for a second year.

Research and development

Development expenditure is incurred in relation to the design of artwork for models of British and European outlined model trains to enable expansion in the UK and European market.

By order of the board

D Haarhaus
Director

A handwritten signature in dark ink, appearing to read 'D Haarhaus', with a long horizontal flourish extending to the right.

Moat Way
Barwell
Leicestershire
LE9 8EY
Dated 28 June 2022

Group directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is the sale of model railway products to retail outlets.

Results for the year and proposed dividend

Bachmann Europe Plc have made a profit in the current year. The results for the year are set out on page 9. The directors do not recommend the payment of a dividend (2020 £nil).

Directors

The directors who held office during the year, together with their interests in the share capital of the company, were as follows:

	Interest at beginning and end of year
David Haarhaus	-
Kenneth Ting	-
Ivan Ting	-

Kenneth Ting and Ivan Ting are also directors of the ultimate parent company and their interests in the issued share capital of that company are shown in its directors' report.

The company maintains directors' and officers' liability indemnity insurance. Neither the indemnity nor the insurance will provide cover where a director has acted fraudulently or dishonestly.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

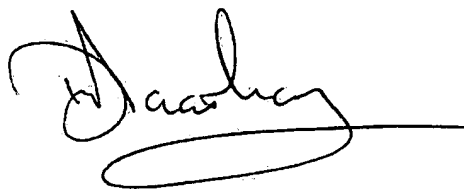
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Group Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP therefore continues in office.

By order of the board

D Haarhaus
Director



Moat Way
Barwell
Leicestershire
LE9 8EY

Dated 28th June 2022

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the Group and parent Company 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 they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Bachmann Europe Plc

Opinion

We have audited the financial statements of Bachmann Europe Plc ("the Company") for the year ended 31 December 2021 which comprise the consolidated profit and loss account, consolidated balance sheet, the company balance sheet, the consolidated and company statement of changes in equity, the consolidated cashflow statement and related notes, including the accounting policies in note 1.

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 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspect or alleged fraud.

Independent auditor's report to the members of Bachmann Europe Plc (continued)

- reading of Board meeting minutes.
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of control. In particular, the risk that Group management may be in a position to make inappropriate accounting entries. On this audit, we do not believe there is a fraud risk related to revenue recognition because there is limited judgment linked to the recognition of revenue and limited trade days either side of the year end.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to be test based on risk criteria and comparing the identified entries to supporting documentation. These included those entries from revenue to unexpected accounts, and from cash and borrowings to unexpected accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Independent auditor's report to the members of Bachmann Europe (continued)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

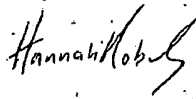
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Bachmann Europe (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



Hannah Roberts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

28 June 2022

Consolidated Profit and Loss Account
for year ended 31 December 2021

	Note	2021	2020
		£000	£000
Turnover	2	16,326	13,144
Cost of sales		(10,456)	(8,366)
Gross profit		5,870	4,778
Distribution costs		(200)	(221)
Administrative expenses		(5,147)	(4,208)
Other operating income	10	11	-
Operating profit	3, 4	534	349
Interest payable and similar expenses	6	(6)	-
Profit before taxation		528	349
Tax on profit	7	(194)	(81)
Profit for the financial year		334	268

The group had no recognised gains or losses other than the results for the year.

The turnover and profit for both years relate to continuing activities.

Consolidated Balance Sheet
at 31 December 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Intangible assets	8	-	-	-	-
Tangible assets	9	6,299	6,299	5,219	5,219
Investment property	10	1,403	1,403	-	-
			<u>7,702</u>		<u>5,219</u>
Current assets					
Stocks	12	10,836	10,836	9,398	9,398
Debtors	13	2,181	2,181	1,867	1,867
Cash at bank and in hand	15	2,623	2,623	2,943	2,943
			<u>15,640</u>		<u>14,208</u>
Creditors: amounts falling due within one year	16	<u>(10,634)</u>	<u>(10,634)</u>	<u>(8,598)</u>	<u>(8,598)</u>
Net current assets			<u>5,006</u>		<u>5,610</u>
Total assets less current liabilities			12,708		10,829
Creditors: amounts falling due after more than one year	17	(1,351)	(1,351)	-	-
Provisions for liabilities					
Deferred tax liability	14	<u>(375)</u>	<u>(375)</u>	<u>(181)</u>	<u>(181)</u>
			<u>(1,726)</u>		<u>(181)</u>
Net assets			<u>10,982</u>		<u>10,648</u>
Capital and reserves					
Called up share capital	20	2,050	2,050	2,050	2,050
Profit and loss account		<u>8,932</u>	<u>8,932</u>	<u>8,598</u>	<u>8,598</u>
Shareholders' funds			<u>10,982</u>		<u>10,648</u>

These financial statements were approved by the board of directors on 28th June 2022 and were signed on its behalf by:

D Haarhaus
Director

Company registered number: 02392907

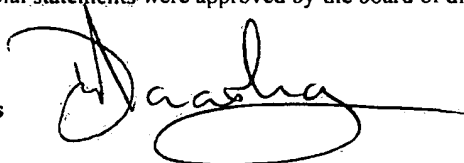
Company Balance Sheet
at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	6,299	5,219
Investment property	10	1,403	-
Investments	11	626	626
		8,328	5,845
Current assets			
Stocks	12	10,836	9,398
Debtors	13	2,181	1,867
Cash at bank and in hand	15	2,623	2,943
		15,640	14,208
Creditors: amounts falling due within one year	16	(11,260)	(9,224)
Net current assets		4,380	4,984
Total assets less current liabilities		12,708	10,829
Creditors: amounts falling due after more than one year	17	(1,351)	-
Provisions for liabilities			
Deferred tax liability	14	(375)	(181)
		(1,726)	(181)
Net assets		10,982	10,648
Capital and reserves			
Called up share capital	20	2,050	2,050
Profit and loss account		8,932	8,598
Shareholders' funds		10,982	10,648

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the parent company has not been presented. The parent company's profit for the financial year is £334,000 (2020: £268,000).

These financial statements were approved by the board of directors on 28th June 2022 and were signed on its behalf by:

D Haarhaus
Director



Company registered number: 02392907

Group and Company Statement of Changes in Equity

	Called up Share capita £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	2,050	8,330	10,380
Total comprehensive income for the period			
Profit for the year	-	268	268
Balance at 31 December 2020	2,050	8,598	10,648

	Called up Share capita £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	2,050	8,598	10,648
Total comprehensive income for the period			
Profit for the year	-	334	334
Balance at 31 December 2021	2,050	8,932	10,982

Consolidated Cash Flow Statement
for year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Cash flows from operating activities			
Profit for the year		334	268
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	9	928	839
Gain on sale of tangible fixed assets	3	(2)	(3)
Interest payable and similar expenses	6	(6)	-
R&D Tax credit		(17)	-
Taxation	7	194	81
		<u>1,431</u>	<u>1,185</u>
Tax refund/(paid)		17	(21)
(Increase)/decrease in trade and other debtors		(314)	1,399
Increase in stocks		(1,438)	(270)
Increase/(decrease) in trade and other creditors		1,961	(552)
		<u>209</u>	<u>577</u>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		6	3
Acquisition of tangible fixed assets	9	(2,010)	(1,393)
Acquisition of investment property	10	(1,403)	-
		<u>(3,407)</u>	<u>(1,390)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Interest paid		6	-
Repayment of borrowings		(6)	-
Bank loan	18	1,430	-
		<u>1,430</u>	<u>-</u>
Net cash from financing activities			
Net (decrease)/increase in cash and cash equivalents		(320)	351
Cash and cash equivalents at 1 January		2,943	2,592
Effect of exchange rate fluctuations on cash held			
		<u>2,623</u>	<u>2,943</u>
Cash and cash equivalents at 31 December	15		

Notes

(forming part of the financial statements)

1 Accounting Policies

Bachmann Europe Plc (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 02392907 and the registered address is Moat Way, Barwell, Leicestershire, LE9 8EY.

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The amendments to FRS 102 issued in July 2020 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value

1.2 Going concern

The Group has net consolidated current assets of £5,006,000 (2020: £5,610,000), a profit for the year then ended of £334,000 (2020: £268,000). The Group has consistently maintained a positive cashflow position with a net cash outflow of £320,000 (2020 inflow: £351,000).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group has shown so far in recent months that it can trade robustly in the midst of an economic crisis with improved performance in 2021 as it has been able to sustain a high demand for its products. Furthermore, the Group is also reliant on its parent company for the supply of products for resale, which has confirmed that it will continue to extend credit over trading balances to enable the Group to operate with a favourable cash flow throughout this period.

The Group is expected to continue to generate positive cash flows on its own account for the foreseeable future, and the Directors confirm that there is no intention to cease operations. The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

These forecasts are dependent on current customer and vendor relationships as well as market reach. They are also dependent on Kader Holding Company Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £8,889,000. Kadar Holdings Company Limited has confirmed that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecast.

Notes (continued)

1 Accounting policies (continued)

As with any company placing reliance on other group entities for not seeking repayment of amounts due, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will do so.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial

Notes (continued)

1 Accounting policies (continued)

recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Other financial instruments

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings -	50 years
Plant and machinery -	between 4 and 8 years
Tooling -	between 1 and 5 years
Fixtures and fittings -	between 4 and 8 years
Motor vehicles	3 years
Computer equipment-	5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus

Notes (continued)

1 Accounting policies (continued)

- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed. When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.10 Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Distribution agreements	13.3% on cost
-------------------------	---------------

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that it may be impaired.

1.11 Investment property

Rented to third parties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

Investment properties are remeasured to fair value at the reporting date. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes (continued)

1 Accounting policies (continued)

1.13 Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.15 Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

1.16 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as operating leases. Rental income from operating leases is recognised on a straight-

Notes (continued)

1 Accounting policies (continued)

line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.18 Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Notes (continued)

2 Turnover

	2021 £000	2020 £000
Sale of goods	16,326	13,144
Total turnover	<u>16,326</u>	<u>13,144</u>
	2021 £000	2020 £000
By geographical market		
United Kingdom	12,398	10,309
Rest of the world	3,928	2,835
	<u>16,326</u>	<u>13,144</u>

3 Operating Profit

Included in profit/loss are the following:

	2021 £000	2020 £000
Depreciation and other amounts written off tangible fixed assets	928	839
Operating lease rentals – other	14	16
Operating lease rentals – property	35	34
Gain on disposal of tangible fixed assets	(2)	(3)
Foreign exchange loss/(gain)	118	(114)
Expenses relating to research and development	398	355

Auditor's remuneration:

	2021 £000	2020 £000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	55	35
Taxation compliance services	10	6
Other tax advisory services	2	5

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2021	2020
Management and administration	47	46
Development	14	14
	<u>61</u>	<u>60</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	2,129	1,683
Social security costs	281	239
Contributions to defined contribution plans	89	75
	<u>2,499</u>	<u>1,997</u>

5 Directors' remuneration

	2021 £000	2020 £000
Directors' remuneration	113	107
Company contributions to money purchase pension plans	8	7

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £ 113,000 (2020: £107,000), and company pension contributions of £8,000 (2020: £7,000) were made to a money purchase scheme on his behalf.

	Number of directors 2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>1</u>	<u>1</u>

Notes (continued)

6 Interest paid and similar expenses

	2021 £000	2020 £000
Interest on loans and borrowings	6	-
Total other interest payable and similar expenses	6	-

Interest paid and similar expenses includes interest payable and similar on bank loans and overdrafts of £6,000 (2020: £0)

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £000	£000	2020 £000	£000
Current tax				
Current tax on income for the period		-		-
Total current tax		-		-
Deferred tax (see note 15)				
Origination and reversal of timing differences	98		79	
Impact of change in tax rate on deferred tax	90		-	
Adjustment in respect of previous years	6		2	
Total tax		194		81

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	334	268
Total tax expense	194	81
	<hr/>	<hr/>
Profit excluding taxation	528	349
Tax using the UK corporation tax rate of 19% % (2020: 19 %)	100	66
Fixed asset differences	4	5
Adjustments in respect of prior periods	6	2
R&D expenditure credits	(6)	(4)
Remeasurement of deferred tax for changes in tax rates	90	12
	<hr/>	<hr/>
Total tax expense included in profit or loss	194	81
	<hr/>	<hr/>

Factors that may affect future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

8 Intangible assets

Group and Company

	£000
Cost	
Balance at 1 January 2021	775
	<hr/>
Balance at 31 December 2021	775
	<hr/>
Amortisation and impairment	
Balance at 1 January 2021	775
	<hr/>
Balance at 31 December 2021	775
	<hr/>
Net book value	
At 1 January 2021	-
	<hr/>
At 31 December 2021	-
	<hr/>

Amortisation expense

The amortisation expense recognised in the administration expenses in the profit and loss account in the year is £nil (2020: £nil)

Notes (continued)

9 Tangible fixed assets

<i>Group and Company</i>	Land and buildings £000	Plant and Equipment £000	Tooling £000	Fixtures & fittings £000	Motor vehicles 0	Under construction £000	Total £000
Cost							
Balance at 1 January 2021	1,755	1,335	5,111	167	227	2,135	10,730
Additions	574	49	16	15	1	1,356	2,011
Disposals	-	-	-	-	(117)	-	(117)
Transfers	-	-	1,456	-	-	(1,456)	-
Balance at 31 December 2021	2,329	1,384	6,583	182	111	2,035	12,624
Depreciation and impairment							
Balance at 1 January 2021	938	920	3,321	125	207	-	5,511
Depreciation charge for the year	43	120	739	13	13	-	928
Disposal	-	-	-	-	(114)	-	(114)
Transfer	-	-	-	-	-	-	-
Balance at 31 December 2021	981	1,040	4,060	138	106	-	6,325
Net book value							
At 1 December 2021	1,348	344	2,523	44	5	2,035	6,299
At 31 December 2020	817	415	1,790	42	20	2,135	5,219

Notes (continued)

10 Investment property

<i>Group and Company</i>	2021 £000
Balance at 1 January 2021	-
Additions	1,403
Balance at 31 December 2021	1,403
Historical cost net book value	1,403

There are no contractual obligations for repairs, maintenance, and enhancements of investment property.

On the 10th of November 2022, the Group purchased a property for £1,850,000. This amount was based on a valuation performed on the 21st of October 2022 by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property. A portion of the purchased property is owner-occupied.

The Directors have not carried out a revaluation of the rented-out portion of this property as at 31 December 2021 due to its close proximity to the valuation/purchase date as the fair value is not expected to be significantly different.

Rental income from this investment property of £11,000 (2020: £nil) was recognised in the year.

11 Fixed asset investments

Company

	Shares in group undertakings £000
Cost	
At beginning and end of year	626
Provisions	
At beginning and end of year	-
Net book value	
As at 31 December 2021	626
As at 31 December 2020	626

<i>Subsidiary undertakings</i>	Registered office address	Country of incorporation	Principal activity	Class and percentage of shares held
Graham Farish Limited	13 Moat Way, Barwell, Leicestershire, LE9 8EY	UK	Dormant	100% ordinary shares
Grafar Limited	13 Moat Way, Barwell, Leicestershire, LE9 8EY	UK	Dormant	99.9% ordinary shares
Intertrans 148 Limited	13 Moat Way, Barwell, Leicestershire, LE9 8EY	UK	Dormant	50% ordinary shares

Notes (continued)

12 Stocks

<i>Group and Company</i>	2021	2020
	£000	£000
Goods for resale	10,836	9,398
	<hr/> 10,836 <hr/>	<hr/> 9,398 <hr/>

13 Debtors

<i>Group and Company</i>	2021	2020
	£000	£000
Trade debtors	1,498	1,205
R&D Tax credit receivable	34	21
Other debtors and Prepayments	649	641
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

14 Deferred taxation

Group and Company

The movement in deferred taxation during the year was:

	2021 £000	2020 £000
Liability at beginning of year	181	100
Movement for the year	194	81
Liability at end of year	<u>375</u>	<u>181</u>

Deferred tax assets and liabilities are attributable to the following:

Group and Company	Assets		Liabilities		Net	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Accelerated capital allowances	-	-	(675)	(396)	(675)	(396)
Unused tax losses	212	155	-	-	212	155
Short term timing differences	88	60	-	-	88	60
Tax assets/(liabilities)	<u>300</u>	<u>215</u>	<u>(675)</u>	<u>(396)</u>	<u>(375)</u>	<u>(181)</u>
Net tax assets/(liabilities)	<u>300</u>	<u>215</u>	<u>(675)</u>	<u>(396)</u>	<u>(375)</u>	<u>(181)</u>

The company had a deferred tax asset of £nil at 31 December 2021 (2020: £nil) that was not recognised.

15 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	2,623	2,943
Cash and cash equivalents per cash flow statements	<u>2,623</u>	<u>2,943</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade creditors	383	388	383	388
Amounts owed to group undertakings	8,899	7,313	9,525	7,939
Taxation and social security	569	223	569	223
Bank loans (see note 18)	73	-	73	-
Accruals and deferred income	710	640	710	640
Other financial liabilities	-	34	-	34
	<u>10,634</u>	<u>8,598</u>	<u>11,260</u>	<u>9,224</u>

Notes (continued)

16 Creditors: amounts falling due within one year (continued)

Amount payable to group undertakings is interest free debt payable on demand. However, the Directors of Kader Holdings have confirmed their commitment to continue to provide support to Bachmann and confirmed that they will not seek a repayment of this debt within twelve months of signing the statutory accounts.

17 Creditors: amounts falling after more than one year

	2021 £000	2020 £000
<i>Group and Company</i>		
Bank loans (see note 18)	1,351	-
	<u>1,351</u>	<u>-</u>

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's secured interest bearing bank loans and borrowings obtained in the current year, which are measured at amortised cost.

	2021 £000	2020 £000
Current	73	-
Non-current	1,351	-
	<u>1,424</u>	<u>-</u>

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2021 £000	2020 £000
Bank loan	GBP	2.95%	2026	Monthly	£1,424	-
					<u>£1,424</u>	<u>-</u>

19 Employee benefits

Defined contribution plans

Group

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £89,000 (2020: £75,000).

Notes (continued)

20 Capital and reserves

Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
2,050,000 ordinary shares of £1 each	2,050	2,050
	<hr/>	<hr/>
Shares classified in shareholders' funds	2,050	2,050
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

21 Financial Instruments

Carrying amount of financial instruments measured at fair value

The carrying amounts of the financial assets and liabilities measured at fair value include:

	2021 £000	2020 £000
Liabilities measured at fair value through profit and loss	-	(34)
	<hr/>	<hr/>

Financial instruments represent currency hedging arrangements. At the year end there were no outstanding hedging arrangements.

22 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Group and Company	2021 £000	2020 £000
Less than one year	37	66
Between one and five years	88	202
More than five years	-	-
	<u>125</u>	<u>268</u>

During the year £49,000 (2020: £50,000) was recognised as an expense in the profit and loss account in respect of operating leases.

Leases as lessor

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2021 £000	2021 £000
Less than one year	77	-
Between one and five years	231	-
More than five years	-	-
	<u>308</u>	<u>-</u>

23 Commitments

Capital commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £1,022,656 (2020: £569,303).

24 Related parties

Group and Company

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £122,000 (2020: £114,000).

Other related party transactions

There were no other related party transactions in the year to 31 December 2021 (2020: £nil).

25 Ultimate parent company parent company of larger group

The company is a subsidiary undertaking of Kader Holdings Company Limited, who is the ultimate controlling party.

No other group financial statements include the results of the Company. The consolidated financial statements of Kader Holdings Company Limited, a company incorporated in Bermuda, are available from Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda