

Registered number: 04949934

BULGIN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021



BULGIN LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | K R Bostock G Casillas J F Wilson |
| Registered number | 04949934 |
| Registered office | 200 Cambridge Science Park Milton Road Cambridge CB4 0GZ |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge CB4 0FY |
| Bankers | Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP |

BULGIN LIMITED

CONTENTS

| | Page |
|--|---------|
| Strategic Report | 1 - 3 |
| Directors' Report | 4 - 6 |
| Independent Auditor's Report | 7 - 11 |
| Statement of Comprehensive Income | 12 |
| Balance Sheet | 13 |
| Statement of Changes in Equity | 14 |
| Notes to the Financial Statements | 15 - 33 |

BULGIN LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2021

Principal activities

The principal activity of the Company during the year was the design and manufacture of electrical switches and connectors and other electro-mechanical products under the "Bulgin" brand. These are sold into industrial markets through distribution channels worldwide and directly to Original Equipment Manufacturers (OEMs).

Business review

Turnover for the year was £24,793k (2020: £32,804k), a reduction of £8,011k.

Operating profits for the year were £3,866k (2020: £7,883k). In 2020, the Company incurred exceptional charges of £1,476k, relating to write off of inter-company balances in subsidiary undertakings, offset by profit on sale of subsidiary undertakings.

Like many other businesses, the Covid-19 pandemic restricted the business' ability to trade which is the key driver for the reduction in both Sales and Operating profits during the financial year. In addition to reduced volumes, additional freight costs and costs relating to restructuring of £465k were incurred during the year. To insulate the business, management undertook various cost saving actions including reducing headcount and controlling costs.

Post the year-end the business has seen a gradual return to pre-covid order intake levels.

Future developments

The Company has continued to achieve strong margins and ROCE (Return on Capital employed) for a manufacturing business. This has been achieved through relentless management focus on three areas:

1. Highly efficient, high-yield new product development (NPD)
2. Channel reach
3. Distributor rationalisation, management & support

The Company has a renewed focus on creating a best-in-class business and brand through execution of the strategy. A key part of this strategy is to create a high performing culture by improving employee engagement and by bringing new talent on-board.

The Company strives to be agile in providing connectivity solutions for harsh environments. To that end, the business continues to invest in capability and analytical tools to grow profitably.

The Company has shown great resilience amidst the Covid-19 pandemic. We have been able to adapt working practices focused on, looking after employees' welfare. Throughout the pandemic employees have continued to provide the excellent products and service that customers have come to expect. The Company is proud to have been able to provide the much needed products to the medical sector to support the global effort to combat the pandemic.

Following investigations and consultation, the company announced its' decision to move the manufacturing operations from the UK to Tunisia. This a difficult decision but is a right one for the business. The transition plan will be executed through the course of the next 12 months.

BULGIN LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

Principal risks and uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks and uncertainties. The Company's risk management processes are forward-looking in the identification, management and mitigation of the key business risks that could impact the Company's immediate and long-term performance.

Financial instruments

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use any derivative financial instruments currently.

Cash flow risk

A significant amount of the Company's sales are in US Dollars and Euros. The Company is therefore exposed to foreign currency fluctuations. The Company manages its foreign exchange risk by purchasing materials in matching currencies where possible in order to partially offset this exposure. The business has taken steps to create a natural hedge by matching borrowings with any net excess cashflows in different currencies. Any remaining currency exposure is hedged using participating currency forward contracts.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of borrowing facilities and invoice discounting finance.

Further details regarding the liquidity risk can be found in the going concern section of the Directors' Report.

BULGIN LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

Financial key performance indicators

Management produces a wide variety of daily key figures for the Company that enable it to identify performance against budget and the previous year. Key performance indicators are shown below:

| | 2021 | 2020 |
|--|-------------|-------------|
| Gross profit margin | 38.6% | 45.5% |
| Net operating expenses as a % of sales (excluding exceptional items) | 23.0% | 19.8% |

This report was approved by the board on 28/5/2021 and signed on its behalf.

John Wilson

J F Wilson
Director

BULGIN LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2021**

The directors present their report and the financial statements for the year ended 31 January 2021.

Results and dividends

The profit for the year, after taxation, amounted to £4,121k (2020: £6,766k).

No dividend has been approved for the current year (2020: £Nil).

Directors

The directors who served during the year were:

K R Bostock
G Casillas
J F Wilson

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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

Political contributions

No political contributions were made during the year (2020: £Nil).

BULGIN LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

Research and development

The directors consider that research and development plays a vital role in maintaining and increasing the competitive position of the Company in the market.

Development costs that meet the relevant criteria have been capitalised as Intangible assets (note 13) in line with FRS 102 Section 18.

Going concern

To assess the business' ability to prepare these financial statements on the basis of being a going concern the directors have prepared forecasts for the Company, and the Regatta Topco group of which it is a part, for a period of greater than 12 months from the date of signing. These forecasts take into account the impact of the Covid-19 pandemic.

As part of forming their opinion, the directors have stress-tested these forecasts considering both ongoing liquidity and the impact on financial covenants which support bank borrowings.

In all cases, the Company has the required liquidity to enable it to continue to trade and meet the requirements of creditors. Management is forecasting a return to pre-Covid trading levels. This is supported by the leading indicator of average weekly orders intake (65% higher in Q1 FY22 vs same period last year and 20% higher vs FY20). Under extremely negative scenarios, (being a 50%+ reduction in pre-COVID 19 average order intake during rest of the current financial year) the Company and its wider group could come close to breaching its financial covenants. However, the directors take comfort from the pick up in post year end trading and the headroom in debt covenants. For this reason, the directors continue to adopt the going concern basis of preparation in the financial statements.

Employee consultation

The Company continues to keep its staff informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings; at each site an Employee Forum has been established.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that our training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' indemnities

The Company has granted indemnities to each of its directors in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as directors to the extent permitted by the Companies Act 2006 and the Company's articles of Association. Such qualifying third party indemnity provisions remain in force at the date of approving the Directors' Report. In addition, directors and officers of the Company are covered by directors' and officers' liability insurance.

BULGIN LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

Disclosure of information to auditor

The directors confirm that:

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

Auditor

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

This report was approved by the board on 28/5/2021 and signed on its behalf.

John Wilson

J F Wilson
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BULGIN LIMITED

Opinion

We have audited the financial statements of Bulgin Limited (the 'Company') for the year ended 31 January 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2021 and of its profit 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



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

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 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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



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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



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

Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the company and determined that the most significant are those that relate to the operational environment, the financial reporting framework (FRS102 and Companies Act 2006) and relevant tax compliance regulations;
- We obtained an understanding of how the company is complying with these legal and regulatory frameworks by making enquiries to management. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement including how fraud might occur. Audit procedures included:
 - Identifying and assessing the design effectiveness of management's controls designed to prevent and detect irregularities
 - Challenging assumptions and judgements made by management in its evaluation of accounting estimates
 - Identifying and testing journal entries;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.
- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- Management have not communicated to the audit team any matters of non compliance with laws or regulations or fraud and no such matters were identified by the audit team.



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

Use of our report

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

Grant Thornton UK LLP

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 28/5/2021

BULGIN LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2021

| | Note | 2021 £000 | 2020 £000 |
|--|------|--------------|---------------|
| Turnover | 4 | 24,793 | 32,804 |
| Cost of sales | | (15,211) | (17,882) |
| Gross profit | | 9,582 | 14,922 |
| Distribution costs | | (331) | (435) |
| Administrative expenses | | (5,511) | (5,871) |
| Gain on disposal of fixed asset investments | | - | 743 |
| Exceptional administrative expenses | 12 | - | (1,476) |
| Other operating income | 5 | 126 | - |
| Operating profit | 6 | 3,866 | 7,883 |
| Interest payable and expenses | 10 | (8) | (4) |
| Profit before tax | | 3,858 | 7,879 |
| Tax on profit | 11 | 263 | (1,113) |
| Profit for the financial year | | 4,121 | 6,766 |
| Total comprehensive income for the year | | 4,121 | 6,766 |

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

The notes on pages 15 to 33 form part of these financial statements.

BULGIN LIMITED
REGISTERED NUMBER: 04949934

BALANCE SHEET
AS AT 31 JANUARY 2021

| | Note | 2021 £000 | 2020 £000 |
|---|------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 309 | 218 |
| Tangible assets | 14 | 558 | 492 |
| Investments | 15 | 21,500 | 21,500 |
| | | <u>22,367</u> | <u>22,210</u> |
| Current assets | | | |
| Stocks | 16 | 527 | 951 |
| Debtors: amounts falling due after more than one year | 17 | 316 | 365 |
| Debtors: amounts falling due within one year | 17 | 6,498 | 10,939 |
| Cash at bank and in hand | 18 | 9,728 | 2,861 |
| | | <u>17,069</u> | <u>15,116</u> |
| Creditors: amounts falling due within one year | 19 | (10,712) | (12,612) |
| Net current assets | | <u>6,357</u> | <u>2,504</u> |
| Total assets less current liabilities | | <u>28,724</u> | <u>24,714</u> |
| Provisions for liabilities | | | |
| Other provisions | 21 | (434) | (545) |
| | | <u>(434)</u> | <u>(545)</u> |
| Net assets | | <u><u>28,290</u></u> | <u><u>24,169</u></u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 10,200 | 10,200 |
| Capital redemption reserve | 23 | 3,500 | 3,500 |
| Profit and loss account | 23 | 14,590 | 10,469 |
| | | <u>28,290</u> | <u>24,169</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/5/2021

Karl Bostock

K R Bostock
 Director

The notes on pages 15 to 33 form part of these financial statements.

BULGIN LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021**

| | Called up share capital £000 | Capital contribution reserve £000 | Profit and loss account £000 | Total equity £000 |
|--|---|--|---|------------------------------|
| At 1 February 2020 | 10,200 | 3,500 | 10,469 | 24,169 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 4,121 | 4,121 |
| Total comprehensive income for the year | - | - | 4,121 | 4,121 |
| At 31 January 2021 | 10,200 | 3,500 | 14,590 | 28,290 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2020**

| | Called up share capital £000 | Capital contribution reserve £000 | Profit and loss account £000 | Total equity £000 |
|--|---|--|---|------------------------------|
| At 1 February 2019 | 10,200 | 3,500 | 3,703 | 17,403 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 6,766 | 6,766 |
| Total comprehensive income for the year | - | - | 6,766 | 6,766 |
| At 31 January 2020 | 10,200 | 3,500 | 10,469 | 24,169 |

The notes on pages 15 to 33 form part of these financial statements.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

1. General information

Bulgin Limited is a private company limited by shares and incorporated in England and Wales, with registered office number 04949934. Its registered office is located at 200 Cambridge Science Park, Milton Road, Cambridge, CB4 0GZ.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Regatta Topco Limited as at 31 January 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.3 Going concern

To assess the business' ability to prepare these financial statements on the basis of being a going concern the directors have prepared forecasts for the Company, and the Regatta Topco group of which it is a part, for a period of greater than 12 months from the date of signing. These forecasts take into account the impact of the Covid-19 pandemic.

As part of forming their opinion, the directors have stress-tested these forecasts considering both ongoing liquidity and the impact on financial covenants which support bank borrowings.

In all cases, the Company has the required liquidity to enable it to continue to trade and meet the requirements of creditors. Management is forecasting a return to pre-Covid trading levels. This is supported by the leading indicator of average weekly orders intake (65% higher in Q1 FY22 vs same period last year and 20% higher vs FY20). Under extremely negative scenarios, (being a 50%+ reduction in pre-COVID 19 average order intake during rest of the current financial year) the Company and its wider group could come close to breaching its financial covenants. However, the directors take comfort from the pick up in post year end trading and the headroom in debt covenants. For this reason, the directors continue to adopt the going concern basis of preparation in the financial statements.

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.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.5 Turnover

Turnover arises from a number of sources but mainly the manufacture and sale of engineered products. Turnover is shown net of value-added tax, returns, rebates and discounts.

To determine whether to recognise revenue, the Company follows a five step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations and
5. Recognising revenue when/as performance obligation(s) are satisfied

Sales of goods are recognised when the company transfers control of the assets to the customers.

Sale of engineered products

Revenue from the sales of these products for a fixed price is recognised when the company transfers control of the assets to the customer. Invoices for goods fall due for settlement upon dispatch to the customer, the customer has full discretion over the use of the components and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Transfer of control does not occur until the risks of obsolescence and loss have been transferred, and either the products have been accepted in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the performance obligations are satisfied (e.g. upon shipment, upon delivery as services are rendered or upon completion of service) as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales commissions

Sales commission is recognised in the profit and loss in wages and salaries at the point at which the contract is signed and paid once the initial invoice has been collected. This is recognised up front as opposed to deferring this cost over the period of the contract as it is deemed an introductory fee, and is not affected by the future performance of a contract.

2.6 Leasing and hire purchase commitments

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2.7 Other operating income

Income from government grants is recognised when the performance conditions attached have been met and it is probable the income will be received: Grants are accounted for under the accruals model. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.8 Interest income

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

2.9 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.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 balance sheet date.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.12 Exceptional administrative expenses

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit. This period is four years. Provision is made for any impairment.

Impairment of tangible and intangible assets excluding goodwill

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is an indication of impairment. If any indication exists, the assets' recoverable amount is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment loss recognised as an operating expense immediately.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)**2.13 Intangible assets (continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

2.14 Tangible fixed assets

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

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:

| | |
|----------------------------------|---------------------|
| Leasehold improvements | - Term of the lease |
| Plant and machinery | - 3 - 10 years |
| Equipment, fixtures and fittings | - 3 - 10 years |

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.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

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

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)**2.18 Cash and cash equivalents**

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

2.19 Creditors

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

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

2.21 Financial instruments

The Company 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.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Statement of Comprehensive Income.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.21 Financial instruments (continued)

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 Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Critical accounting judgements and key sources of estimation uncertainty

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Management make provisions against trade debtor balances as and when there are indicators of recovery problems.

Management make provisions against slow-moving stocks when there are indicators of obsolescence or impairment. Stock lines that are identified as obsolete are fully provided against, further provision is made against excess stock held on lines which are deemed slow moving based on sales data.

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2021 | <i>2020</i> |
|-----------|---------------|---------------|
| | £000 | <i>£000</i> |
| Materials | 24,793 | <i>32,804</i> |

Analysis of turnover by country of destination:

| | 2021 | <i>2020</i> |
|-------------------|---------------|---------------|
| | £000 | <i>£000</i> |
| United Kingdom | 8,454 | <i>10,421</i> |
| Rest of the world | 16,339 | <i>22,383</i> |
| | 24,793 | <i>32,804</i> |

5. Other operating income

| | 2021 | <i>2020</i> |
|------------------------------|-------------|-------------|
| | £000 | <i>£000</i> |
| Government grants receivable | 126 | <i>-</i> |

Government grants disclosed above are amounts claimed by the Company under the Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit is stated after charging:

| | 2021 | <i>2020</i> |
|---|-------------|-------------|
| | £000 | <i>£000</i> |
| Depreciation of tangible fixed assets | 178 | <i>151</i> |
| Amortisation of intangible fixed assets | 46 | <i>59</i> |
| Operating lease costs | 387 | <i>208</i> |
| Foreign exchange losses | 168 | <i>197</i> |

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

7. Auditor's remuneration

| | 2021 £000 | 2020 £000 |
|---|----------------------|----------------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 31 | 30 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Total non-audit fees | 11 | 7 |

8. Employees

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

| | 2021 £000 | 2020 £000 |
|-----------------------|----------------------|----------------------|
| Wages and salaries | 2,419 | 2,282 |
| Social security costs | 252 | 242 |
| Pension costs | 90 | 76 |
| | 2,761 | 2,600 |

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

| | 2021 No. | 2020 No. |
|----------------------|---------------------|---------------------|
| Production staff | 18 | 22 |
| Administrative staff | 29 | 35 |
| | 47 | 57 |

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

9. Directors' remuneration

| | 2021 | 2020 |
|---|-------------|-------------|
| | £000 | £000 |
| Directors' emoluments | 531 | 840 |
| Company contributions to defined contribution pension schemes | 18 | 6 |
| | <u>549</u> | <u>846</u> |

The highest paid director received remuneration of £353k (2020 - £528K).

10. Interest payable and similar expenses

| | 2021 | 2020 |
|------------------------|-------------|-------------|
| | £000 | £000 |
| Other interest payable | <u>8</u> | <u>4</u> |

11. Taxation

| | 2021 | 2020 |
|---|--------------|--------------|
| | £000 | £000 |
| Corporation tax | | |
| Current tax on profits for the year | - | 1,023 |
| Adjustments in respect of previous periods | (311) | - |
| Total current tax | <u>(311)</u> | <u>1,023</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 66 | 90 |
| Adjustments in respect to previous periods | (18) | - |
| Total deferred tax | <u>48</u> | <u>90</u> |
| Taxation on (loss)/profit on ordinary activities | <u>(263)</u> | <u>1,113</u> |

BULGIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 3,858 | 7,879 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | 733 | 1,497 |
| Effects of: | | |
| Disallowable expenses | 33 | 261 |
| Research and development tax credit | - | (14) |
| Profits not taxable | - | (141) |
| Group relief | (700) | (418) |
| Change in rates | - | (55) |
| Adjustment in respect of previous periods - current tax | (311) | - |
| Adjustment in respect of previous periods - deferred tax | (18) | - |
| Deferred tax not recognised | - | (17) |
| Total tax charge for the year | (263) | 1,113 |

12. Exceptional items

| | 2021 £000 | 2020 £000 |
|-------------------------------|--------------|--------------|
| Customer claims | - | 352 |
| Provision against investments | - | 1,124 |
| | - | 1,476 |

On 24th September 2019, the entire share capital of the Company was acquired by Regatta Bidco Limited. As part of the sale process, the Company divested of its investments to the selling shareholder Checkit Plc and acquired two subsidiaries from Checkit Plc. The one-off cost relating to the sale and group reorganisation is shown above.

In 2020, the company incurred final settlement costs towards a claim from customer for the Elektron Eye technology business (disposed of during the year).

BULGIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

13. Intangible assets

| | Goodwill £000 | Development costs £000 | Software costs £000 | Intellectual property £000 | Total £000 |
|--|------------------|------------------------------|---------------------------|----------------------------------|---------------|
| Cost | | | | | |
| At 1 February 2020 | 1,181 | 1,331 | 881 | 8 | 3,401 |
| Additions | - | 15 | 120 | - | 135 |
| Disposals | - | (81) | (704) | - | (785) |
| At 31 January 2021 | 1,181 | 1,265 | 297 | 8 | 2,751 |
| Amortisation | | | | | |
| At 1 February 2020 | 1,181 | 1,113 | 881 | 8 | 3,183 |
| Charge for the year on owned assets | - | 35 | 10 | - | 45 |
| On disposals | - | (82) | (705) | - | (787) |
| At 31 January 2021 | 1,181 | 1,066 | 186 | 8 | 2,441 |
| Net book value | | | | | |
| At 31 January 2021 | - | 199 | 111 | - | 310 |
| At 31 January 2020 | - | 218 | - | - | 218 |

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

14. Tangible fixed assets

| | Plant and machinery £000 | Equipment, fixtures and fittings £000 | Leasehold Improvements £000 | Total £000 |
|-------------------------------------|--------------------------------|--|-----------------------------------|---------------|
| Cost or valuation | | | | |
| At 1 February 2020 | 5,612 | 651 | 191 | 6,454 |
| Additions | 18 | 71 | 153 | 242 |
| Disposals | (94) | - | - | (94) |
| At 31 January 2021 | <u>5,536</u> | <u>722</u> | <u>344</u> | <u>6,602</u> |
| Depreciation | | | | |
| At 1 February 2020 | 5,322 | 550 | 90 | 5,962 |
| Charge for the year on owned assets | 87 | 54 | 37 | 178 |
| Disposals | (96) | - | - | (96) |
| At 31 January 2021 | <u>5,313</u> | <u>604</u> | <u>127</u> | <u>6,044</u> |
| Net book value | | | | |
| At 31 January 2021 | <u>223</u> | <u>118</u> | <u>217</u> | <u>558</u> |
| At 31 January 2020 | <u>290</u> | <u>101</u> | <u>101</u> | <u>492</u> |

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

15. Fixed asset investments

| | Investments in subsidiary companies £000 |
|--------------------------|--|
| Cost or valuation | |
| At 1 February 2020 | 21,500 |
| At 31 January 2021 | <u>21,500</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---------------------------------|--|---|-----------------|---------|
| Bulgin Tunisie Sarl (Tunisia) | 13, Rue 62128-Zone Industrielle IbnKhaldoun - Cité Ettahrir - 2042 Tunis | Manufacture of electromechanical components | Ordinary shares | 100% |
| Elektron Technology Corporation | 11849 Telegraph Road Santa Fe Springs, CA 90670 | Sale of electromechanical components | Ordinary shares | 100% |

16. Stocks

| | 2021 £000 | 2020 £000 |
|------------------|--------------|--------------|
| Raw materials | 291 | 288 |
| Work in progress | 21 | 16 |
| Finished goods | 215 | 647 |
| | <u>527</u> | <u>951</u> |

The directors consider there is no material difference between the book value of stocks and their recoverable amount. In the ordinary course of business, the Company makes provisions for slow-moving, excess and obsolete inventory as appropriate. Inventory is stated after charging impairments of £217k (2020: £246k) which are included within operating profit.

The amount of inventory recognised as an expense within the cost of sales amounted to £13.8m (2020: £17.2m).

BULGIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

17. Debtors

| | 2021 £000 | 2020 £000 |
|-------------------------------------|--------------|---------------|
| Due after more than one year | | |
| Deferred tax asset | 316 | 365 |
| | <u>316</u> | <u>365</u> |
| Due within one year | | |
| Trade debtors | 1,436 | 4,555 |
| Amounts owed by group undertakings | 3,815 | 6,011 |
| Prepayments and accrued income | 904 | 373 |
| Tax recoverable | 343 | - |
| | <u>6,498</u> | <u>10,939</u> |

18. Cash and cash equivalents

| | 2021 £000 | 2020 £000 |
|--------------------------|--------------|--------------|
| Cash at bank and in hand | 9,728 | 2,861 |
| | <u>9,728</u> | <u>2,861</u> |

19. Creditors: Amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 2,240 | 1,713 |
| Amounts owed to group undertakings | 7,866 | 9,178 |
| Corporation tax | - | 942 |
| Other taxation and social security | 61 | 167 |
| Other creditors | 124 | 68 |
| Accruals and deferred income | 421 | 544 |
| | <u>10,712</u> | <u>12,612</u> |

BULGIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

20. Deferred taxation

| | 2021 £000 | 2020 £000 |
|---------------------------|--------------|--------------|
| At beginning of year | 365 | 455 |
| Charged to profit or loss | (49) | (90) |
| At end of year | 316 | 365 |

The deferred tax asset is made up as follows:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Excess of depreciation over taxation allowances | 316 | 365 |

21. Provisions

| | Credit Note provision £000 |
|---------------------------|----------------------------------|
| At 1 February 2020 | 545 |
| Utilised in year | (111) |
| At 31 January 2021 | 434 |

The credit note provision reflects management estimates based upon the business operations and experience of credit notes issued to customers in respect of customer stock returns and rebates under the terms agreed with individual customers.

22. Share capital

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 10,200,000 Ordinary class 1 shares of £1 each | 10,200 | 10,200 |

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

23. Reserves**Profit and loss account**

Includes all current and prior period detailed profit and loss.

Capital contribution reserve

Represents a capital reserve arising from a capital restructure in which share capital was issued in relation to investment in subsidiaries.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £90k (2020: £76k). Contributions totalling £15k (2020: £35k) were payable to the fund at the balance sheet date and are included in other creditors.

25. Commitments under operating leases

At 31 January 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2021 | 2020 |
|--|--------------|-------------|
| | £000 | £000 |
| Land and buildings | | |
| Not later than 1 year | 296 | 230 |
| Later than one year and no later than five years | 542 | 320 |
| Later than 5 years | 527 | - |
| | 1,365 | 550 |
| | 2021 | 2020 |
| | £000 | £000 |
| Other items | | |
| Not later than 1 year | 51 | 61 |
| Later than one year and no later than five years | 30 | 50 |
| | 81 | 111 |

BULGIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

26. Related party transactions

The Company has adopted the exemption outlined in FRS 102. 33. 1A from disclosing transactions and balances between wholly-owned companies within the Regatta Topco group.

On 12 July 2019, the Company divested to Checkit Plc its investments in Checkit Limited, Electron Eye Technology Limited, Hartest Precision Instruments Limited, Elektron Precision Instruments Limited and Elektron Enterprises 1 Limited for total consideration of £12,397,540. The Company also acquired 99.96% of the issued share capital of Elektron Tunisie Sarl for £10,750,000 and the entire issued share capital of Elektron Technology Corporation for £10,750,000 from Checkit Plc.

27. Ultimate parent company

The Company's immediate parent company is Regatta Bidco Limited which is registered in England and Wales.

The smallest and largest company in which the results of the Company are consolidated for the year ended 31 January 2021 is that headed by Regatta Topco Limited. The consolidated accounts of this company are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The controlling party is Equistone Partners Europe Fund VI "B" SCSP, by virtue of its controlling shareholding in Regatta Topco Limited.