



Company registration number 02107467 (England and Wales)

BGB ENGINEERING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



BGB ENGINEERING LIMITED

COMPANY INFORMATION

Directors

G A Holt

D R Holt

L T Bishop

(Appointed 24 October 2022)

N Hubbard

G L Johnston

(Appointed 1 April 2023)

H Thompson

(Appointed 1 April 2023)

P Hussein

Company number

02107467

Registered office

Dysart Road

Grantham

Lincolnshire

NG31 7NB

Auditor

Moore

Rutland House

Minerva Business Park

Lynch Wood

Peterborough

PE2 6PZ

BGB ENGINEERING LIMITED

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BGB ENGINEERING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

The Directors present this report which provides a balanced and comprehensive review of the development and performance of the business during the year and of its position at the year end. The review is considered to be consistent with the size and nature of the business and is written in the context of the Company's main risks.

The Directors are pleased to report that the Company has continued to do well through challenging times, with profit after taxation in the year at £116k (2021: profit of £11k).

During the year no dividends were declared or paid by the Company.

Future developments

We will continue to strengthen our relationships with existing customers in the various vertical markets we serve to offer innovative products and services adding value to their businesses. We shall continue to sell both standard products as well as highly bespoke custom solutions into our OEM customers. Our strategy is to create new revenue streams, fostering long-term growth and stability within our primary markets and to explore and grow into new ones as well as expanding our business internationally.

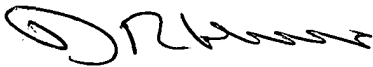
BGB has continued to work on a Thought Leadership business model. The Products and Services Team in particular have created and implemented complementary strategies; namely Servitization and Sustainability. This change in approach will bring about greater intelligence with regards to product performance and will therefore support uptime through predicated maintenance schedules whilst reducing costs and mitigating asset risk. In addition, our Products and Services team continues to explore and develop new opportunities to support their production colleagues and to enable the growth of the business.

During the year the Company's investment in R&D was £299,499 (2021: £688,990).

Performance improvement programme

The Company continues to invest in continuous improvement through collaboration between the design teams and production colleagues. The aim is always an improvement in efficiency which is expected to ultimately lead to cost reduction and the ability to reinvest savings in new projects. The programmes identified continue to contribute to the Company's core competencies and to the protection and strengthening of profit margins.

On behalf of the board



D R Holt
Director

15 September 2023

BGB ENGINEERING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of the design and manufacture of electrical and electronic slip ring assemblies and associated components.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G A Holt	
D I Jockel	(Resigned 8 July 2022)
N C Herbert	(Resigned 28 September 2022)
D R Holt	
E M Edmett	(Resigned 4 November 2022)
L T Bishop	(Appointed 24 October 2022)
N Hubbard	
G L Johnston	(Appointed 1 April 2023)
H Thompson	(Appointed 1 April 2023)
P Hussein	

Results and dividends

The Company's results are published in accordance with the requirements of the new adopted Financial Reporting Standards (FRS102). The Company's key financial performance indicators used by the Directors to monitor and manage the performance of the Company are Turnover, gross margin and net margin, retained earnings and liquidity of the Company.

Turnover for the year has been analysed by its main geographical region in note 3 to the accounts.

Turnover decreased by 9%; to £11.5m (2021: £12.7m), the Company saw a small decrease in ROW sales and a slight increase in UK sales activities.

The majority of the Company turnover, once again, relates to export sales. In the year £10.1m or 87.8% of sales were made to export customers (2021: £11.4m or 86.9%).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Fixed assets

The Directors consider the market value of the fixed assets in use to be consistent with the values detailed in the financial statements (Note 8).

Political donations

Political and charitable donations did not exceed £1,000 in the year.

Financial risk management objectives and policies

The Company uses financial instruments, which include cash, trade debtors and trade creditors which arise directly from its business operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and foreign currency risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

BGB ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Liquidity risk

The Company seeks to manage such risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The policy throughout the year has been to manage this risk through the day to day involvement of management in business decisions other than through setting maximum or minimum liquidity ratios.

Foreign exchange risk

The Company has exposure to economic currency fluctuations as the majority of its trading is denominated in euros. The Company manages this risk by actively monitoring exchange rates, utilising natural hedges wherever possible and entering into hedging agreements against foreign exchange variances.

Credit risk

The Company's principle financial assets are cash and trade debtors. The credit risk associated with cash is limited. Credit risk arising from trade debtors is also limited due to the nature of the Company's trading and its customers.

Auditor

The auditor, Moore, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

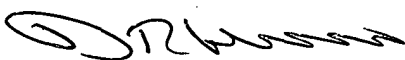
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



D R Holt

Director

15 September 2023

BGB ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BGB ENGINEERING LIMITED

Opinion

We have audited the financial statements of BGB Engineering Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 December 2022 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

BGB ENGINEERING LIMITED

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

Matters on which we are required to report by exception

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.

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

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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.

We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.

We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

BGB ENGINEERING LIMITED

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Mohamedraza Mavani
Senior Statutory Auditor
for and on behalf of

Date: 22.9.23



Chartered Accountants
Statutory Auditor

Rutland House
Minerva Business Park
Lynch Wood
Peterborough
PE2 6PZ

BGB ENGINEERING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 as restated £
Turnover	3	11,523,774	12,650,672
Cost of sales		(8,846,092)	(10,040,843)
Gross profit		<u>2,677,682</u>	<u>2,609,829</u>
Administrative expenses		(3,408,344)	(2,907,359)
Other operating income		587,636	32,216
Operating loss	4	<u>(143,026)</u>	<u>(265,314)</u>
Amounts written off investments		(45,000)	28,914
Loss before taxation		<u>(188,026)</u>	<u>(236,400)</u>
Tax on loss	7	304,206	248,074
Profit for the financial year		<u>116,180</u>	<u>11,674</u>
Retained earnings brought forward as previously reported		13,661,689	13,295,624
Prior year adjustment		(354,391)	-
As restated		<u>13,307,298</u>	<u>13,295,624</u>
Retained earnings carried forward		<u>13,423,478</u>	<u>13,307,298</u>

BGB ENGINEERING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		3,287,427		3,139,735
Investments	9		-		45,000
			<u>3,287,427</u>		<u>3,184,735</u>
Current assets					
Stocks	10	4,603,879		3,314,456	
Debtors	11	5,920,070		6,041,470	
Cash at bank and in hand		2,270,244		4,233,793	
		<u>12,794,193</u>		<u>13,589,719</u>	
Creditors: amounts falling due within one year	12	(686,919)		(1,191,727)	
Net current assets			<u>12,107,274</u>		<u>12,397,992</u>
Total assets less current liabilities			<u>15,394,701</u>		<u>15,582,727</u>
Provisions for liabilities					
Deferred tax liability	14	121,023		425,229	
		<u>(121,023)</u>		<u>(425,229)</u>	
Net assets			<u>15,273,678</u>		<u>15,157,498</u>
Capital and reserves					
Called up share capital	16		200		200
Other reserves			1,850,000		1,850,000
Profit and loss reserves			13,423,478		13,307,298
Total equity			<u>15,273,678</u>		<u>15,157,498</u>

The financial statements were approved by the board of directors and authorised for issue on 15 September 2023 and are signed on its behalf by:



D R Holt
Director

Company Registration No. 02107467

BGB ENGINEERING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	22		(1,521,609)		(745,326)
Income taxes refunded			120,569		444,107
			<u> </u>		<u> </u>
Net cash outflow from operating activities			(1,401,040)		(301,219)
Investing activities					
Purchase of tangible fixed assets		(533,410)		(229,933)	
Purchase of subsidiaries		-		(20,000)	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(533,410)		(249,933)
Financing activities					
Payment of finance leases obligations		(29,099)		(58,440)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(29,099)		(58,440)
Net decrease in cash and cash equivalents			(1,963,549)		(609,592)
Cash and cash equivalents at beginning of year			4,233,793		4,843,385
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			2,270,244		4,233,793
			<u> </u>		<u> </u>

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

BGB Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Dysart Road, Grantham, Lincolnshire, NG31 7NB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

BGB Engineering Limited is a wholly owned subsidiary of ALEXSAVA Holdings Limited. Consolidated financial statements are not publicly available.

1.3 Going concern

Whilst the impact of coronavirus has dissipated to some degree, the legacy of its effect continues to be felt throughout most sectors of the economy. Other matters such as supply chain issues and rising prices, particularly materials, fuel and energy, are impacting across all businesses. Going concern is therefore an important area that the directors are keeping under close scrutiny. No immediate concerns in relation to the group's long term future have been identified, but this area continues to be monitored. The directors are satisfied that the steps they have taken in the short term are appropriate and effective.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	0% - 5% per annum on straight line basis
Leasehold improvements	Over the life of the lease
Plant and equipment	2% - 25% per annum on straight line basis
Fixtures and fittings	10% - 33.33% per annum on straight line basis
Motor vehicles	20% per annum on straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

Stock held for distribution at no or nominal consideration is measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. As of the balance sheet date the company has no significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the foreseeable future.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by geographical market		
Europe	6,915,434	6,906,063
United Kingdom & Eire	1,389,152	1,243,401
USA and Americas	1,131,787	1,416,793
Asia and rest of world	2,087,401	3,084,415
	<u>11,523,774</u>	<u>12,650,672</u>
	2022	2021
	£	£
Other revenue		
Grants received	<u>1,500</u>	<u>32,216</u>

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(108,751)	127,478
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(17,448)	28,176
Research and development costs	299,499	686,990
Government grants	(1,500)	(32,216)
Fees payable to the company's auditor for the audit of the company's financial statements	22,000	20,000
Depreciation of tangible fixed assets held under finance leases	34,581	34,581
Loss on disposal of tangible fixed assets	27,121	-
Operating lease charges	92,400	92,400
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Production	39	42
Administration	45	28
Management	4	7
	<u> </u>	<u> </u>
Total	88	77
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,929,001	2,474,162
Social security costs	289,225	221,496
Pension costs	104,117	84,234
	<u> </u>	<u> </u>
	3,322,343	2,779,892
	<u> </u>	<u> </u>

6 Directors' remuneration

Directors' emoluments amounting to £368,245 have been recharged to the parent company, ALEXSAVA Holdings Limited by way of management charges.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Taxation	2022	2021
	£	£
Current tax		
Adjustments in respect of prior periods	-	(332,435)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(304,206)	84,361
	<u> </u>	<u> </u>
Total tax credit	<u>(304,206)</u>	<u>(248,074)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	(188,026)	(236,400)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(35,725)	(44,916)
Tax effect of expenses that are not deductible in determining taxable profit	(1,345)	(13,015)
Tax effect of utilisation of tax losses not previously recognised	(185,660)	-
Effect of change in corporation tax rate	(73,010)	102,055
Permanent capital allowances in excess of depreciation	(20,779)	-
Depreciation on assets not qualifying for tax allowances	12,313	12,313
Research and development tax credit	-	(304,511)
	<u> </u>	<u> </u>
Taxation credit for the year	<u>(304,206)</u>	<u>(248,074)</u>

In the March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023 and it was later confirmed in the March 2023 Budget that this will go ahead. This will have a consequential effect on the company's future tax charge. Deferred tax has therefore been calculated at 25%.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Tangible fixed assets

	Freehold land and buildings £	Leasehold improvements £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost							
At 1 January 2022	1,323,835	371,393	-	4,595,886	1,687,701	45,933	8,024,748
Additions	-	-	111,624	159,780	262,006	-	533,410
Disposals	-	-	-	(858)	(26,263)	-	(27,121)
Transfers	-	-	(42,323)	-	42,323	-	-
At 31 December 2022	1,323,835	371,393	69,301	4,754,808	1,965,767	45,933	8,531,037
Depreciation and impairment							
At 1 January 2022	531,739	129,371	-	2,944,698	1,257,248	21,957	4,885,013
Depreciation charged in the year	62,329	16,737	-	206,453	65,441	7,637	358,597
At 31 December 2022	594,068	146,108	-	3,151,151	1,322,689	29,594	5,243,610
Carrying amount							
At 31 December 2022	729,767	225,285	69,301	1,603,657	643,078	16,339	3,287,427
At 31 December 2021	792,096	242,022	-	1,651,188	430,453	23,976	3,139,735

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and equipment	146,854	180,104
Fixtures and fittings	1,526	2,857
	<u>148,380</u>	<u>182,961</u>

9 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries		-	45,000
		<u>-</u>	<u>45,000</u>

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022 & 31 December 2022	45,000
Impairment	
At 1 January 2022	-
Impairment losses	45,000
At 31 December 2022	45,000
Carrying amount	
At 31 December 2022	-
At 31 December 2021	45,000

BGB Shanghai Trading Co., Limited incorporated in China has been struck off in April 2023. The decision had been made during 2022 and therefore the investment has been impaired to £nil value at 31 December 2022.

10 Stocks

	2022 £	2021 £
Raw materials and consumables	3,363,130	2,394,152
Work in progress	457,452	450,516
Finished goods and goods for resale	783,297	469,788
	<u>4,603,879</u>	<u>3,314,456</u>

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Continued)

10 Stocks

At the year end the total amount of impairment provision recognised against stock was £373,682 which relates to the stock provision carried forward from year ended 31 December 2021 (2021 £518,211). This primarily relates to obsolete and discontinued stock lines.

Impairment loss movements are recorded in cost of sales.

11 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	2,362,347	2,357,415
Corporation tax recoverable	-	120,569
Amounts owed by group undertakings	3,273,262	3,371,860
Other debtors	207,383	78,444
Prepayments and accrued income	77,078	113,182
	<u>5,920,070</u>	<u>6,041,470</u>

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
	Notes	
Obligations under finance leases	13	29,099
Trade creditors	282,631	371,870
Taxation and social security	69,421	68,861
Other creditors	24,780	18,811
Accruals and deferred income	310,087	703,086
	<u>686,919</u>	<u>1,191,727</u>

Obligations under finance leases are secured against assets to which these amounts relate.

13 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	29,099
	<u>-</u>	<u>29,099</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	507,222	425,229
Tax losses	(386,199)	-
	<u>121,023</u>	<u>425,229</u>
		2022
Movements in the year:		£
Liability at 1 January 2022		425,229
Credit to profit or loss		(304,206)
Liability at 31 December 2022		<u>121,023</u>

15 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	104,117	84,234

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100
A Ordinary shares of £1 each	100	100	100	100
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

The 'A' Ordinary shares rank equally with the Ordinary shares except with regard to dividend rights. The Directors have the authority to declare a dividend on either the Ordinary or 'A' Ordinary shares, or both, in which case the dividends need not be equal.

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Other reserves

Represents amounts earmarked for the future acquisition of significant fixed assets that are expected to be required by the business.

Profit and loss reserves

Includes all current and prior period retained profits and losses, inclusive of cumulative unrealised gains and losses for assets shown at fair value at the balance sheet date but exclusive of items designated as other reserves (see above).

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	64,667	116,567
Between two and five years	182,000	200,667
	<u>246,667</u>	<u>317,234</u>

19 Related party transactions

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
Amounts due from related parties		
Entities with control, joint control or significant influence over the company	3,216,299	3,371,860
Fellow subsidiary undertaking	56,963	-
	<u>3,273,262</u>	<u>3,371,860</u>

Other information

Transactions between companies in a wholly owned group are not disclosed.

20 Directors' transactions

Some of the premises from which the Company operates are owned by a Director. The rent paid to the Directors during the year, excluding VAT, was £92,400 (2021: £92,400). At 31 December 2022 £9,240 was owed to the Directors (2021: £9,240).

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Ultimate controlling party

The ultimate holding company is ALEXSAVA Holdings Limited, a Guernsey registered company. The registered office address is Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA. Group financial statements are not publically available.

22 Cash absorbed by operations

	2022	2021
	£	£
Profit for the year after tax	116,180	11,674
Adjustments for:		
Taxation credited	(304,206)	(248,074)
Loss on disposal of tangible fixed assets	27,121	131,836
Depreciation and impairment of tangible fixed assets	358,597	396,844
Other gains and losses	45,000	(28,914)
Movements in working capital:		
Increase in stocks	(1,289,423)	(530,095)
Decrease/(increase) in debtors	831	(46,113)
Decrease in creditors	(475,709)	(432,484)
Cash absorbed by operations	<u>(1,521,609)</u>	<u>(745,326)</u>

23 Analysis of changes in net funds

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	4,233,793	(1,963,549)	2,270,244
Obligations under finance leases	(29,099)	29,099	-
	<u>4,204,694</u>	<u>(1,934,450)</u>	<u>2,270,244</u>

BGB ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Prior period adjustment

Reconciliation of changes in equity

	1 January 2021 £	31 December 2021 £
Adjustments to prior year		
Stock	-	(116,961)
Corporation tax	-	(237,430)
Total adjustments	-	(354,391)
Equity as previously reported	15,145,824	15,511,889
Equity as adjusted	15,145,824	15,157,498
Analysis of the effect upon equity		
Profit and loss reserves	-	(354,391)

Reconciliation of changes in profit for the previous financial period

	2021 £
Adjustments to prior year	
Stock	(116,961)
Corporation tax	(237,430)
Total adjustments	(354,391)
Profit as previously reported	366,065
Profit as adjusted	11,674

Notes to reconciliation

Stock

Stock adjustment relates to error in calculation of stock-write off for obsolete stock lines.

Corporation tax

Corporation tax adjustment relates to research and development claim relating to prior years being misstated in the 2021 financial statements.