

Registered number: 10356798

B&P Midco 1 Limited

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

B&P MIDCO 1 LIMITED

COMPANY INFORMATION

DIRECTORS

I.A Vesselinov
R. J. P. Prouvost
A.R. Milner

REGISTERED NUMBER

10356798

REGISTERED OFFICE

Suite 2
2nd Floor
Riverbridge House
Crossways Business Park
Anchor Boulevard
Dartford
DA2 6SL

INDEPENDENT AUDITOR

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

BANKERS

National Westminster Bank Plc
City of London Office
Princes Street
London
EC2R 8BP

HSBC Bank Plc
3rd Floor
26 Broad Street
Reading
Berkshire
RG1 2BU

B&P MIDCO 1 LIMITED

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B&P MIDCO 1 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

BUSINESS REVIEW AND FINANCIAL RISK

The company acts as a holding company and does not trade. The directors believe that key performance indicators are not relevant. Key performance indicators for the group of which this company forms a part are discussed in the consolidated financial statements of Beck & Pollitzer Limited ('the group').

Details of the performance in the year can be found in the Directors' Report on page 3.

PRINCIPAL RISKS AND UNCERTAINTIES

The company acts as an intermediary holding company for the Beck & Pollitzer group of companies and relies on the operational performance of the group to be able to meet its obligations and liabilities.

The demand for the group's services in the regions where we serve our customers is dependent upon customer investment in manufacturing and processing plant, the relocation or reconfiguration of manufacturing facilities and the hire of equipment. This manufacturing activity is reliant on general economic conditions and the amount of public sector and private company expenditure.

The company is a part of the funding structure for the group and it is exposed to the risks of availability and market pricing of debt in the UK financial markets and by its investors.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

The directors manage the liquidity risk of the company by reviewing the timing of future cash flows against future availability of cash and borrowing facilities. The company is part of a group financing structure that provides liquidity for the operations of each company in the group through overdraft facilities and longer-term borrowing.

Regulatory or compliance risk

Fines, damages, claims and reputational damage could be incurred if we fail to comply with legislative or regulatory requirements, including health and safety, employment law, GDPR and data protection, Bribery Act, competition law.

In order to mitigate the risk, the following is in place:


- Policies and training in place in respect of key compliance areas which are regularly reviewed and updated.
- Operational management are responsible for liaising with external advisers to ensure that new legislation is identified, and relevant action taken.
- Dedicated group health and safety function to oversee this aspect of compliance.
- Training on the requirements of the Bribery Act and competition law is in place for all relevant colleagues and policies are communicated to all suppliers.
- Whistleblowing procedure and independently administered helpline which enables colleagues to raise concerns in confidence.

B&P MIDCO 1 Limited

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022
FUTURE DEVELOPMENTS**

The debt market in the UK remains impacted by the high interest rates and the uncertainty about any future rate changes driven by changes in inflation and employment levels.

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

DocuSigned by:

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I.A Vesselinov
Director

Date: 23-Jun-23 | 3:36 PM CEST

B&P MIDCO 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company. There has been no significant change in these activities during the year.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to (in £000's) 3,482. In 2021 the loss for the year was (in £000's) 4,334.

The directors do not recommend the payment of a final dividend on the ordinary shares:(2021:£nil)

DIRECTORS

The Directors who served during the reporting period, and up to the date of this report were:

A. Hodgson (resigned 8 September 2022)
I.A Vesselinov
R. J. P. Prouvost
A.R. Milner (appointed 26 September 2022)

DIRECTORS' INDEMNITY

The company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

The provisions in place cover associated companies within the group.

FUTURE DEVELOPMENTS, FINANCIAL RISK MANAGEMENT, PRINCIPAL RISKS AND UNCERTAINTIES AND SUBSEQUENT EVENTS

Details of future developments, financial risk management and subsequent events can be found in the Strategic Report on page 1.

GOING CONCERN

The company is an integral part of the Beck & Pollitzer group of companies' investment holding structure. The group comprises Beck & Pollitzer Limited and its subsidiary companies. Therefore, the assessment of the company's and the group's going concern position is inter-linked, considering the overall funding and investment structure of the group.

The directors have developed the business of the group and company in the light of the trading conditions and the position at 31 December 2022 is reflected in the audited financial statements. The group and company finance their operations through cash resources, overdraft facilities, hire purchase borrowing, long term bank debt and loan notes from investors.

The financial position of the company is presented in the statement of financial position. The net (liabilities)/assets as at 31 December 2022 were £000s (1,778) (2021: £000s 1,704).

The financial position of the group and further details on its funding structure, including the main financing facilities extension, are presented in the group annual report and financial statements.

B&P MIDCO 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

GOING CONCERN (Continued)

The directors have prepared forecasts covering the period to 31 December 2024 for both the group and company, based on the detailed Board approved budget for 2023

The risks considered for the sensitivity analysis include, but are not limited to, achieving forecast levels of sales and order intake, the impact on customer confidence as a result of general economic conditions indicating possible recession and the directors' ability to implement further cost saving initiatives in areas of discretionary spend where required.

The directors have reviewed the going concern assumption in the light of the year to date 2023 trading and cash generation, the extension of the banking facilities and the new set of covenants and the anticipated level of trading of the group and company for the period until 31 December 2024.

From liquidity perspective, the group has sufficient headroom between the required minimum liquidity to operate as a going concern and the available cash in banks and unutilised credit lines.

The group's and company's cash flow forecasts and projections, taking account of reasonable and possible changes in trading performance including the potential impact of economic recession, offset by mitigating actions within the control of management including reductions in areas of discretionary spend, show the group and company will be able to operate through to the end of 2024 within the level of the available facilities and associated covenants. The group has been in compliance with the relevant covenants since the banking covenants re-set effective from 20 September 2022. On that basis, the directors are of the opinion that the financial statements should be prepared on the going concern basis.

AUDITORS

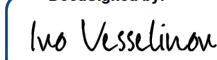
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, BDO LLP, will continue in office in accordance with section 485 of the Companies Act 2006. This report was approved by the Board and signed on its behalf.

DocuSigned by:



I.A. Vesselinov

Director

Date: 23-Jun-23 | 3:36 PM CEST

Suite 2, 2nd Floor
Riverbridge House
Crossways Business Park
Anchor Boulevard
Dartford
DA2 6SL
United Kingdom

B&P MIDCO 1 LIMITED

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK'. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

B&P MIDCO 1 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF B&P MIDCO 1 LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of B&P Midco 1 Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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.

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.

B&P MIDCO 1 LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF B&P MIDCO 1 LIMITED (contd)****Other Companies Act 2006 reporting**

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.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to the impairment of investments and recoverability of the intercompany balances.
- Identifying and testing journal entries that are outside of our expectations, in particular any journal entries posted from staff members with privileged access rights, journals posted by key management and journals with values in excess of our expectations.

B&P MIDCO 1 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF B&P MIDCO 1 LIMITED (contd)

- We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of non-compliance of fraud to the entity.
- We made enquiries of management and those charged with governance of any known, reported or indications of non-compliance with laws and regulations including fraud occurring within the company and its operations.
- We agreed the financial statement disclosures to underlying supporting documentation.
- We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements, including, but not limited to, UK GAAP, Companies Act 2006, Bribery Act and certain requirements for UK tax legislation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

DocuSigned by:

Michael Philp

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Michael Philp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

25 June 2023

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

B&P MIDCO 1 LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year to 31 December 2022 £000's	Year to 31 December 2021 £000's
	Note		
Administrative expenses		-	(4)
OPERATING LOSS		<u>-</u>	<u>(4)</u>
Interest income on inter-company loans	5	1,596	1,596
Interest payable on Investor loan notes	6	(4,775)	(5,457)
LOSS BEFORE TAX		<u>(3,179)</u>	<u>(3,865)</u>
Tax on loss on ordinary activities	7	(303)	(469)
LOSS FOR THE FINANCIAL YEAR		<u><u>(3,482)</u></u>	<u><u>(4,334)</u></u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(3,482)</u></u>	<u><u>(4,334)</u></u>

The notes on pages 12 to 23 form part of these financial statements.

B&P MIDCO 1 LIMITED
REGISTERED NUMBER:10356798

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £000's	2021 £000's
FIXED ASSETS			
Investments	8	-	-
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	9	55,330	50,937
		<u>55,330</u>	<u>50,937</u>
Creditors: amounts falling due within one year	10	(1,142)	(839)
		<u>(1,142)</u>	<u>(839)</u>
NET CURRENT ASSETS		<u>54,188</u>	<u>50,098</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,188</u>	<u>50,098</u>
Creditors: amounts falling due after more than one year	11	(55,966)	(48,394)
		<u>(55,966)</u>	<u>(48,394)</u>
NET (LIABILITIES) / ASSETS		<u>(1,778)</u>	<u>1,704</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,260	2,260
Share premium	15	19,610	19,610
Profit and loss account	16	(23,648)	(20,166)
		<u>(23,648)</u>	<u>(20,166)</u>
SHAREHOLDER'S (DEFICIT)/FUNDS		<u>(1,778)</u>	<u>1,704</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 June 2023.

DocuSigned by:

A37ABCAC87C2419...
R.J. P Prouvost
Director

DocuSigned by:

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I.A Vesselinov
Director

The notes on pages 12 to 23 form part of these financial statements.

B&P MIDCO 1 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 202**

	Called-up share capital	Share premium	Profit and loss account	Total equity
	£000's	£000's	£000's	£000's
At 1 January 2022	2,260	19,610	(20,166)	1,704
Share issue (see note 15)	-	-	-	-
Comprehensive Loss for the Year				
Loss for the year	-	-	(3,482)	(3,482)
At 31 December 2022	<u>2,260</u>	<u>19,610</u>	<u>(23,648)</u>	<u>(1,778)</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called-up share capital	Share premium	Profit and loss account	Total equity
	£000's	£000's	£000's	£000's
At 1 January 2021	1,870	-	(15,832)	(13,962)
Share issue (see note 15)	390	19,610	-	20,000
Comprehensive Loss for the Year				
Loss for the year	-	-	(4,334)	(4,334)
At 31 December 2021	<u>2,260</u>	<u>19,610</u>	<u>(20,166)</u>	<u>1,704</u>

The notes on pages 12 to 23 form part of these financial statements.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. ACCOUNTING POLICIES****1.1. GENERAL INFORMATION AND BASIS OF PREPARATION**

B&P Midco 1 Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England & Wales and the address of the registered office is given on the company information page.

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 United Kingdom 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 2).

The functional currency of B&P Midco 1 Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The following principal accounting policies have been applied:

1.2. 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":

- 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Beck & Pollitzer Limited as at 31 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

1.3. GOING CONCERN

The company is an integral part of the Beck & Pollitzer group of companies' investment holding structure. The group comprises Beck & Pollitzer Limited and its subsidiary companies. Therefore, the assessment of the company's and the group's going concern position is inter-linked, considering the overall funding and investment structure of the group.

The directors have developed the business of the group and company in the light of the trading conditions and the position at 31 December 2022 is reflected in the audited financial statements. The group and company finance their operations through cash resources, overdraft facilities, hire purchase borrowing, long term bank debt and loan notes from investors.

The financial position of the company is presented in the statement of financial position. The net (liabilities)/assets as at 31 December 2022 were £000s (1,778) (2021: £000s 1,704).

The financial position of the group and further details on its funding structure, including the main financing facilities extension, are presented in the group annual report and financial statements.

The directors have prepared forecasts covering the period to 31 December 2024 for both the group and company, based on the detailed Board approved budget for 2023.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1.3. GOING CONCERN (Continued)**

The risks considered for the sensitivity analysis include, but are not limited to, achieving forecast levels of sales and order intake, the impact on customer confidence as a result of general economic conditions indicating possible recession and the directors' ability to implement further cost saving initiatives in areas of discretionary spend where required.

The directors have reviewed the going concern assumption in the light of the year to date 2023 trading and cash generation, the extension of the banking facilities and the new set of covenants and the anticipated level of trading of the group and company for the period until 31 December 2024.

From liquidity perspective, the group has sufficient headroom between the required minimum liquidity to operate as a going concern and the available cash in banks and unutilised credit lines.

The group's and company's cash flow forecasts and projections, taking account of reasonable and possible changes in trading performance including the potential impact of economic recession, offset by mitigating actions within the control of management including reductions in areas of discretionary spend, show the group and company will be able to operate through to the end of 2024 within the level of the available facilities and associated covenants. The group has been in compliance with the relevant covenants since the banking covenants re-set effective from 20 September 2022. On that basis, the directors are of the opinion that the financial statements should be prepared on the going concern basis.

1.4. INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.5. CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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.

1.6. VALUATION OF INVESTMENTS

Fixed asset investments are stated at cost less any provision for impairment or diminution in value.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1.7. FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder against the changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provision may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the condition of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transactions) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1.7 FINANCIAL INSTRUMENTS (Continued)**

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial assets expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying transactions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements in applying accounting policies

There are no significant judgements that the directors have made in applying the company's accounting policies that have any significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty**Valuation of investments**

The directors have reviewed the investments on a company basis by reviewing the net assets of the company compared to the investment value in the books to determine if there are any indicators of impairment. As a result of this review, in 2020 the investment balance was written off. Following a review at the end of 2022, the directors have maintained the investment at its written down value.

Recoverability of intercompany balances

As part of the monthly review process, the directors review the group trading and loan balances to ensure that all balances are recoverable, and if not, a provision is included in the management accounts. Considering the overall trading performance of the underlying group, the expected recovery and expansion in new geographies and the resulting expected cash flow, the directors believe that all inter-company balances are recoverable as at the balance sheet date.

3 DIRECTORS AND EMPLOYEES

The company has no employees other than the directors, who did not receive any remuneration (2021: nil).

4 AUDITORS' REMUNERATION

Audit fees for 2022 of £3,438 (2021: £2,750) for the auditing of the financial statements have been borne by a fellow group company.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****5 INTEREST INCOME**

	Year ended 31 Dec 2022 £000's	Year ended 31 Dec 2021 £000's
Interest income on inter-company loans	1,596	1,596
	<u>1,596</u>	<u>1,596</u>

6 INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 Dec 2022 £000's	Year ended 31 Dec 2021 £000's
Interest payable on investor loan notes	4,775	5,457
	<u>4,775</u>	<u>5,457</u>

7 TAX ON LOSS

	Year ended 31 Dec 2022 £000's	Year ended 31 Dec 2021 £000's
CORPORATION TAX		
UK Corporation Tax on loss for the period	303	303
Adjustments in respect of prior periods	-	-
TOTAL CORPORATION TAX	<u>303</u>	<u>303</u>
DEFERRED TAX		
Timing differences	-	286
Adjustments in respect of prior periods	-	(9)
Remeasurement of deferred tax for changes in tax rates	-	(111)
TOTAL DEFERRED TAX	<u>-</u>	<u>166</u>
TOTAL CURRENT TAX	<u>303</u>	<u>469</u>

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****7 TAX ON LOSS (continued)****Factors Affecting Tax Charge for the Period**

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK Corporation Tax of 19% to the loss before tax are as follows:

	Year ended 31 Dec 2022 £000's	Year ended 31 Dec 2021 £000's
Loss on ordinary activities before tax	<u>(3,179)</u>	<u>(3,865)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(604)	(734)
EFFECTS OF:		
Expenses not deductible	635	1323
Remeasurement of deferred tax for changes in tax rates	-	(111)
Movement in deferred tax not recognised	272	-
Adjustments to tax of prior periods – Deferred Tax	-	(9)
TOTAL TAX CHARGE FOR THE YEAR	<u><u>303</u></u>	<u><u>469</u></u>

New tax rates have been substantively enacted as at the date of these financial statements. From 1 April 2023, the current corporation tax rate of 19% will cease to apply and will be replaced by variable rates ranging from 19% to 25%.

There are no carried forward losses in B&P Midco 1 Limited as at 31 December 2022.

8 FIXED ASSET INVESTMENTS

	Unlisted investments £000's
Cost	
At 1 January 2022 and 31 December 2022	1,870
Impairment	
At 1 January 2022 and 31 December 2022	(1,870)
NET BOOK VALUE	
At 31 December 2022	<u><u>-</u></u>
At 31 December 2021	<u><u>-</u></u>

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****8. FIXED ASSET INVESTMENTS (Continued)****SUBSIDIARY UNDERTAKINGS**

The following was a subsidiary undertaking of the Company:

	Registered office	Class of shares	Holding	Principal activity
B&P Midco 2 Limited	Suite 2, 2nd Floor, Riverbridge House, Crossways Business Park, Anchor Boulevard, Dartford, DA2 6SL	Ordinary	100%	Holding company

The subsidiary undertaking has not been consolidated by B&P Midco 1 Limited as permitted by s.400 of the Companies Act 2006 as it is consolidated in the financial statements of Beck & Pollitzer Limited.

The aggregate of the share capital and reserves as at 31 December 2022 and of the result for the year ended on that date for the subsidiary undertakings was as follows:

	Aggregate capital and reserves £000's	Result for the year £000's
B&P Midco 2 Limited	-	-

The following companies are subsidiaries of the company, all of which are indirectly held apart from those marked with an asterisk.

Company	Registered office	Class of shares	Holding	Nature of business
Beck & Pollitzer Engineering Holdings Limited	Suite 2, 2nd Floor, Riverbridge House, Crossways Business Park, Anchor Boulevard, Dartford, DA2 6QH	Ordinary	100%	Holding Company
B&P Midco 2 Limited*	As above	Ordinary	100%	Holding Company
B&P Buyco Limited	As above	Ordinary	100%	Holding Company
BPE Pension Trustees Limited	As above	Ordinary	100%	Trustee of the Group's pension scheme
Beck & Pollitzer Engineering Limited	As above	Ordinary	100%	Engineering Services
Beck & Pollitzer Engineering Contracts Limited	As above	Ordinary	100%	Dormant
Beck & Pollitzer Czech spol. s.r.o.	Ovcarecka 1452, 280 02 Kolin, Czech Republic	Ordinary	100%	Engineering Services

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****8. FIXED ASSET INVESTMENTS (Continued)**

Company	Registered office	Class of shares	Holding	Nature of business
Beck & Pollitzer France SAS	25 rue du Champs des Oiseaux, ZI du Moulin Blanc, 59 230 Saint Amand les Eaux, France	Ordinary	100%	Engineering Services
Beck & Pollitzer Deutschland GmbH	Hangebank 13, 45307 Essen, Germany	Ordinary	100%	Engineering Services
Beck & Pollitzer Hungary Kft	H-1119 Budapest, Vahot u.6, Hungary	Ordinary	100%	Engineering Services
Beck & Pollitzer India Private Limited	Level 13, Platnum Techno Park 17 & 18, Sector 30, Vashi, Navi, Mumbai - 400703, India	Ordinary	100%	Engineering Services
Beck & Pollitzer Italia SRL	Corso Italia 8, Cap 20122 Milano, Italy	Ordinary	100%	Engineering Services
Beck & Pollitzer Polska Sp. z.o.o.	Ul. Wopistow 13D, 41-215 Sonsnowiec, Poland	Ordinary	100%	Engineering Services
Beck & Pollitzer Engineering Services sp. z.o.o.	Ul. Jaworzynska 261, 59-220 Legnica, Poland	Ordinary	100%	Engineering Services
Beck & Pollitzer Romania SRL	Bd Iuliu Maniu nr 246, Camera 327, Bloc C37, Bucuresti Sectorul 6, Romania	Ordinary	100%	Engineering Services
Beck & Pollitzer Slovakia s.r.o.	Vasinova ulica 61, 949 01, Nitra, Slovak Republic	Ordinary	100%	Engineering Services
Beck & Pollitzer Ticaret Ltd Sirketi	Istasyon Mah. Kosekoy Sanayi Sitesi L Blok No 199 Kartepe/Kocaeli, Turkey	Ordinary	100%	Engineering Services
Bormek Elektrik Makina Ticaret Ltd Sirketi	Istasyon Mah. Kosekoy Sanayi Sitesi L Blok No 199 Kartepe/Kocaeli, Turkey	Ordinary	100%	Dormant
Beck & Pollitzer Ukraine TOV	Kolektorna Street 3-A, 02660 Kyiv, Ukraine	Ordinary	100%	Ceased operations in February 2022
Beck & Pollitzer Iberica SL	Edifici BCIN, Carrer Marcus Porcius no. 1, Poligon Industrial Les Guixeres, 08915, Badalona, Barcelona, Spain	Ordinary	100%	Engineering Services
Beck & Pollitzer US Inc	909 East Boulevard, Charlotte, NC 28203, USA	Ordinary	100%	Holding company
Clarkson Industrial Contractors Inc	256 Broadcast Dr, Spartanburg 29303, USA	Ordinary	100%	Engineering Services

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****8. FIXED ASSET INVESTMENTS (Continued)**

Company	Registered office	Class of shares	Holding	Nature of business
Beck & Pollitzer Germany GmbH	Raudtener Str. 7, 90475 Nuremberg, Germany	Ordinary	100%	Engineering Services
mp-montageprofis-GmbH & Co. KG	Raudtener Str. 7, 90475 Nuremberg, Germany	Ordinary	100%	Engineering Services
mp-montageprofis-Verwaltungs GmbH	Raudtener Str. 7, 90475 Nuremberg, Germany	Ordinary	100%	Holding company
Beck & Pollitzer Sweden AB	PO Box 420, 11631 Stockholm, Sweden.	Ordinary	100%	Engineering Services
Beck & Pollitzer Australia PTY LTD	Level 16, 201 Elizabeth street, Sydney NSW 2000, Australia	Ordinary	100%	Engineering Services
Beck & Pollitzer Japan K.K.	14-13 Fujimi 1-Chome Chuo-ku, Chiba-shi Chiba, 260-0015 Japan	Ordinary	100%	Engineering Services
Engineering Experts Holding Limited	26/F Three Exchange Square 8, Connaught Place Central, Hong Kong	Ordinary	100%	Holding Company
Beck & Pollitzer Belgium	Besloten Vennootschap, Noorderlaan 147 BUS 9 2030 Antwerpen	Ordinary	100%	Engineering Services
Beck & Pollitzer SPb	196191 St Petersburg, Leninsky Prospect 168, Russia	Ordinary	100%	Engineering Services

The shares of Beck & Pollitzer Engineering Limited and Beck & Pollitzer Engineering Contracts Limited are held by Beck & Pollitzer Engineering Holdings Limited. The shares of Beck & Pollitzer Engineering sp. z.o.o. are held by Beck & Pollitzer Polska sp. z.o.o. The shares of Beck & Pollitzer Spb are held by Engineering Experts Holding Limited. The shares of all other engineering services undertakings and BPE Pension Trustees Limited are held by Beck & Pollitzer Engineering Limited.

The results of Beck & Pollitzer Engineering Services sp. z.o.o. and consolidated within Beck & Pollitzer Polska Sp. z.o.o. and the results of Bormek Elektrik Makina Ticaret Ltd Sirketi are consolidated within Beck & Pollitzer Ticaret Ltd Sirket.

During the year, due to the war in Ukraine, the group ceased its operations in Ukraine. Subsequently due to the various sanctions and anti-sanctions regimes impacting Russia, the Russian subsidiary was subject to long term restrictions in its ability to operate as a part of the group and to trade. Beck & Pollitzer Russia was excluded from consolidation from 9 December 2022. The group still owns the shares of the two legal entities.

9 DEBTORS: Amounts falling due after more than one year

	2022 £000's	2021 £000's
Amounts owed by group undertakings	55,330	50,937
	<u>55,330</u>	<u>50,937</u>

Interest is charged on inter-company loan balances at 4% and added to the outstanding loan amount and there are no fixed repayment terms. The balances have been classified as non-current as the company has no intention nor need to call the loans within the next 12 months.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****10 CREDITORS: Amounts falling due within one year**

	2022 £000's	2021 £000's
Group tax relief	1,081	778
Other creditors	61	61
	<u>1,142</u>	<u>839</u>

11 CREDITORS: Amounts falling due after more than one year

	2022 £000's	2021 £000's
Amount owed to group undertakings	465	2,668
Investor loan notes (Note 12)	55,501	45,726
	<u>55,966</u>	<u>48,394</u>

Amounts due to group undertakings include £000 465 (2021 - £000 2,668) relating to loans, which were unsecured, interest bearing of 4% and have no formal terms of repayment. The lenders have formally confirmed that the loans would not be called within one year.

12 LOANS

	2022 £000's	2021 £000's
Details of loans wholly repayable within 5 years are as follows:		
Investor loan notes	55,501	45,726
	<u>55,501</u>	<u>45,726</u>

The investor loan notes have a maturity of 10 years commencing 19 September 2016, the applicable interest rate is 10% per annum and any unpaid interest is capitalised at the year end.

During the year, the additional investor loan notes for £5m were issued at the same interest rate, maturing on 19 September 2026.

In 2021, in consideration for the ordinary shares, in aggregate £20m of accrued interest on loan notes issued by the company; and payment in kind of notes issued was released (see note 15).

The fair value of the listed debt is equal to the carrying value of the debt as the debt is not traded.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****13 FINANCIAL INSTRUMENTS**

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2022 £000's	2021 £000's
FINANCIAL ASSETS		
Debt instruments measured at amortised cost		
- Amounts owed by group undertakings	<u>55,330</u>	<u>50,937</u>
FINANCIAL LIABILITIES		
Measured at amortised cost		
- Loans payable	(55,501)	(45,726)
- Amounts owed to group undertakings	(465)	(2,668)
- Other creditors	(61)	(61)
	<u>(56,027)</u>	<u>(48,455)</u>

14 DEFERRED TAXATION

	2022 £000's	2021 £000's
At start of year	-	166
Debited to statement of comprehensive income	-	(166)
At end of year	<u>-</u>	<u>-</u>

15 CALLED-UP SHARE CAPITAL AND SHARE PREMIUM

	2022 £000's	2021 £000's
Allotted, called-up and fully paid		
2,260,313 (2021 – 2,260,313) Ordinary shares of £1.00 each	<u>2,260</u>	<u>2,260</u>
Share premium		
Arising on issue of 390,400 ordinary shares (£51.2295 paid per share)	<u>19,610</u>	<u>19,610</u>

B&P MIDCO 1 LIMITED

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

15. CALLED-UP SHARE CAPITAL AND SHARE PREMIUM (Continued)

On 17 September 2021, there was restructuring of shares in B&P Midco 1 Limited. In exchange of the investors loan notes, there were allotments of 390,400 ordinary shares of £1.00 each and the amount paid (including share premium) on each was £51.2295. In aggregate, £20m of accrued interest on loan notes issued by the investors and payment in kind of notes was released in consideration for the ordinary share issue.

The company has one class of ordinary shares which carry no right to fixed income.

16. PROFIT AND LOSS ACCOUNT

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent company is Beck & Pollitzer Limited.

The Beck & Pollitzer Limited financial statements are the smallest and largest for which group financial statements are prepared and consolidated. Copies of Beck & Pollitzer Limited, whose registered office is at Suite 2, 2nd Floor, Riverbridge House, Crossways Business Park, Anchor Boulevard, Dartford, Kent, DA2 6HQ, financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors consider the Company to be controlled by funds advised by Graphite Capital General Partner VIII LLP Private Equity Partners.

18. POST BALANCE SHEET EVENTS

There have been no post balance sheet events.