

B&P Midco 1 Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

B&P MIDCO 1 LIMITED

COMPANY INFORMATION

DIRECTORS	A. Hodgson I. Vesselinov R. J. P. Prouvost
REGISTERED NUMBER	10356798
REGISTERED OFFICE	Burnham Road Dartford Kent DA1 5BD United Kingdom
INDEPENDENT AUDITOR	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA United Kingdom
BANKERS	National Westminster Bank Plc City of London Office Princes Street London EC2R 8BP HSBC Bank Plc Block D, 5th Floor Apex Plaza Forbury Road Reading Berkshire RG1 1AX

B&P MIDCO 1 LIMITED

CONTENTS

	Page
Strategic Report	1 – 3
Directors' Report	4 – 6
Directors' Responsibilities Statement	7
Independent Auditor's Report to the Shareholders of B&P Midco 1 Limited	8 – 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 25

B&P MIDCO 1 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

BUSINESS REVIEW AND FINANCIAL RISK

The company acts as a holding company and does not trade and therefore 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').

The financial position of the company is presented in the statement of financial position. The net liabilities as at 31 December 2019 were £9.8 million (2018: £4.5 million). The company did not receive any dividends in the current year (2018 - £nil). The company retains the investor loan notes and therefore incurred an interest charge of £5.0m in the year (2018: £4.5m).

PRINCIPAL RISKS AND UNCERTAINTIES

The current economic environment continues to be affected by the Brexit vote in 2016 and the situation regarding COVID-19 and results in increased uncertainty over future trading relationships with the European Union and the strength and future activity and consequent demand for the Company' services.

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.

Foreign currency risk

The group is exposed to foreign currency risks with the global Business Units operating in numerous currencies and sterling denominated consolidated accounts. The company recognises that financial risk is an inherent part of its business and the importance of integrating financial risk management with the company's business strategies to reduce the impact of volatility risk on transactions exposed to currency risk. The Pound has remained volatile due to the economic uncertainty and speculation following the implication of the Brexit referendum in June 2016. Foreign exchange risk is mitigated by adjusting the currency denomination of customer and vendor invoicing and it is the company's explicit policy not to speculate on changes in foreign currency rates.

People and culture risk

The success of the business could be impacted if it fails to attract, retain and motivate high-calibre colleagues.

Maintaining and evolving the culture of our business (embodied in our shared values) is essential to delivering our strategy and ensuring the long-term sustainability of our business.

To mitigate the risk, the composition of the Executive team is regularly reviewed by the Board to ensure that it is appropriate to deliver the growth plans of the business and succession plans and appraisals are in place across the Group.

B&P MIDCO 1 LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 take
- 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

Brexit Risk

A disorderly Brexit could impact sales and margin due to a downturn in consumer demand, increase costs due to the fall in the value of sterling against the US dollar and other major currencies or cause supply chain issues, supplier failure or labour shortages.

In order to mitigate the risk, a Brexit risk assessment is in place and is regularly reviewed and mitigations are in place. Furthermore, on-site staff requirements are regularly reviewed and the group is aware of procedures that must be adhered to in respect of cross-border working.

IT systems, data and cyber security risk

Operations would be impacted by failure to develop technology to support the strategy, lack of availability due to cyber attack or other failure, and reputational damage/fines due to loss of personal data.

The group has formal IT governance processes in place to cover all aspects of IT management with a detailed IT development and security roadmap.

There are business continuity plans in place for all major systems and applications and the business process, authorisation controls and access to sensitive transactions are kept under review.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

COVID-19 IMPACT AND FUTURE DEVELOPMENTS

The Company experienced a severe impact as a result of the COVID-19 pandemic across almost all areas of operations. Towards the end of March 2020 the UK Government implemented a full lock down of the economy and social life which resulted in an inability to execute installation and relocation projects on site. With small exceptions, all sites were closed and only minimal activity was possible in April and May 2020.

The Company responded to the reduced volumes by utilising the available employment protection government support schemes and implemented alongside them other cost and cash control measures. The depot in Oldham was closed as an operational entity, without having significant impact on the operational capabilities of the UK business.

The Company experienced a slow re-start of projects from June onwards and whilst the volumes at the date of this report have not yet recovered to pre-COVID levels, the Company is expecting the overall economic activity in its markets of operation to slowly restart in early 2021.

Brexit continued to be another significant factor affecting the UK business in 2019. Despite the uncertainty, the Directors expect the general level of activity to increase from 2021 onwards. The Directors remain confident about the long-term position of the UK economy and remain ready to increase the group's support as soon as UK end market investment increases.

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



I. Vesselinov
Director

Date: 30 December 2020

B&P MIDCO 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

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 £5,276,145 which included an impairment charge of £1,869,913 in relation to a write down of the company's investment in B&P Midco 2 Limited (2018 - loss of £2,993,158).

The Directors do not recommend the payment of a final dividend on the ordinary shares.

DIRECTORS

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

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

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 directors have developed the business of the group and company in the light of prevailing trading conditions and the position at 31 December 2019 is reflected in the audited financial statements for the year ended on that date. The group and company finances its 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 as at 31 December 2019 were £9.8 million (2018: £4.5 million). The company did not receive any dividends in the current year (2018 - £nil). The company retains the investor loan notes and therefore incurred an interest charge of £5.0m in the year (2018: £4.5m).

The financial position of the group is presented in the group annual report and financial statements. At 31 December 2019, the group had a shareholders' deficit of £19m (2018: £6.7m), net current assets of £7.4m (2018: £18.7m) and net cash at bank of £1.2m (2018: £8.3m) which included £4.7m (2018: £9.5m) of cash and £3.4m (2018: £1.2m) overdraft. In addition to the cash balances, the group and company benefits from a central working capital facility committed for 6 years from 19 September 2016.

The directors have prepared forecasts covering the period to December 2021 for both the Group and Company, based on the detailed Board approved budget for 2021. The forecasts include a number of assumptions in relation to sales volume with the base case assuming margin reductions and some limited overhead increases and a stressed case assuming further trading deterioration.

B&P MIDCO 1 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

GOING CONCERN (CONTINUED)

The uncertainty as to any future impact on the group and company due to the COVID-19 outbreak has been separately considered. Thus far, the group and company have experienced a material impact in trading performance due to COVID-19, with many but not all customers closed throughout the UK and overseas. In the downside scenario analysis performed, the directors have considered the reasonably plausible impact of the COVID-19 outbreak on the group's and company's trading and cash flow forecasts.

Whilst the group's and company's trading and cash flow forecasts have been prepared using current trading assumptions reflective of the COVID-19 impact, the operating environment presents a number of challenges which could negatively impact the actual performance achieved. Excluding the potential further severe impact of COVID-19, these risks 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 and Brexit, and the director's 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 2020 trading and cash generation and the anticipated level of trading of the group and company for the period of 12 months from the date of signing the financial statements. As of the date of this report, for financial year 2020, the group and company have continued to be profitable on a trading level and has managed to optimise its working capital whilst not carrying forward any significantly overdue amounts. An additional £2m RCF facility was made available in 2020 by one of the lenders by converting an existing guarantee line and the local overdraft lines in France and the Czech Republic have been increased as a precautionary measure. The liquidity was further supported by government loans provided by the French and USA governments. The US loan is expected to be converted into a 100% grant. The directors believe the criteria for the grant recognition have been met, but a formal approval by the relevant authority is still outstanding as at the date of the financial statements. Until a formal consent has been received, there is a remote possibility that the grant, or a part of it, may not get approved. In the unlikely event that the loan was not converted into a grant, this may lead to a breach of a bank covenant and the bank facilities becoming repayable on demand. This indicates that a material uncertainty exists which may cast significant doubt over the group's and company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group and company were unable to continue as a going concern.

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 COVID-19, 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 December 2021 within the level of the available facilities and associated covenants. Regardless of the grant conversion outcome, the forecast liquidity remains sufficient, underpinning the going concern assumption used for the preparation of these financial statements. 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.

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

B&P MIDCO 1 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

A handwritten signature in black ink, appearing to read 'I. Vesselinov', written in a cursive style.

I. Vesselinov
Director

Date: 30 December 2020

Burnham Road
Sandpit Road
Dartford
Kent
DA1 5BD
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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF B&P MIDCO 1 LIMITED

OPINION

We have audited the financial statements of B&P Midco 1 Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1.3 to the financial statements which indicates that in the event of the USA government loan not being converted into a grant there is a possibility that the bank covenant will be breached resulting in the bank facilities being repayable on demand. As stated in note 1.3, these events or conditions, along with other matters as set out in note 1.3, indicates that a material uncertainty exists which may cast significant doubt over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon

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

We have nothing to report in this regard.

B&P MIDCO 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF B&P MIDCO 1 LIMITED (CONTINUED)

OPINIONS ON OTHER MATTERS PRESCRIBED IN THE COMPANIES ACT 2006

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

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

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 and 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

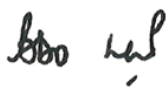
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

B&P MIDCO 1 LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF B&P MIDCO 1 LIMITED
(CONTINUED)**

USE OF OUR REPORT

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



John Everingham (Senior statutory auditor)

for and on behalf of
BDO LLP

2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA
United Kingdom
Date: 31 December 2020

B&P MIDCO 1 LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year to 31 December 2019 £	Year to 31 December 2018 £
Administration expenses		(3,945)	(15,385)
OPERATING LOSS		<u>(3,945)</u>	<u>(15,385)</u>
Interest income on inter-company loans	5	1,615,450	1,615,450
Interest payable on inter-company loans	6	(19,442)	(19,442)
Interest payable on Investor Loan Notes	6	(4,979,644)	(4,526,949)
Impairment charge	8	(1,869,913)	-
LOSS BEFORE TAX		<u>(5,257,494)</u>	<u>(2,946,326)</u>
Tax on loss on ordinary activities	7	(18,652)	(46,832)
LOSS FOR THE FINANCIAL YEAR		<u><u>(5,276,146)</u></u>	<u><u>(2,993,158)</u></u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(5,276,146)</u></u>	<u><u>(2,993,158)</u></u>

The notes on pages 14 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	(restated) 2018 £
FIXED ASSETS			
Investments	8	-	1,869,913
		<u>-</u>	<u>1,869,913</u>
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	9	2,000,000	2,000,000
Debtors: amounts falling due after more than one year	10	45,745,089	44,129,639
		<u>47,745,089</u>	<u>46,129,639</u>
Creditors: amounts falling due within one year	11	(2,729,770)	(2,687,732)
NET CURRENT ASSETS		<u>45,015,319</u>	<u>43,441,907</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>45,015,319</u>	<u>45,311,820</u>
Creditors: amounts falling due after more than one year	12	(54,776,084)	(49,796,439)
NET LIABILITIES		<u>(9,760,765)</u>	<u>(4,484,619)</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,869,913	1,869,913
Profit and loss account		(11,630,678)	(6,354,532)
SHAREHOLDER'S FUNDS		<u>(9,760,765)</u>	<u>(4,484,619)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2020



A. Hodgson
 Director



I. Vesselinov
 Director

The notes on pages 14 to 25 form part of these financial statements.

B&P MIDCO 1 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called-up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1,869,913	(6,354,532)	(4,484,619)
Comprehensive Loss for the Year			
Loss for the year	-	(5,276,146)	(5,276,146)
At 31 December 2019	<u>1,869,913</u>	<u>(11,630,678)</u>	<u>(9,760,765)</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called-up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1,869,913	(3,361,374)	(1,491,461)
Comprehensive Loss for the Year			
Loss for the year	-	(2,993,158)	(2,993,158)
At 31 December 2018	<u>1,869,913</u>	<u>(6,354,532)</u>	<u>(4,484,619)</u>

The notes on pages 14 to 25 form part of these financial statements.

B&P MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

1.3 GOING CONCERN

The directors have developed the business of the group and company in the light of prevailing trading conditions and the position at 31 December 2019 is reflected in the audited financial statements for the year ended on that date. The group and company finances its 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 as at 31 December 2019 were £9.8 million (2018: £4.5 million). The company did not receive any dividends in the current year (2018 - £nil). The company retains the investor loan notes and therefore incurred an interest charge of £5.0m in the year (2018: £4.5m).

The financial position of the group is presented in the group annual report and financial statements. At 31 December 2019, the group had a shareholders' deficit of £19m (2018: £6.7m), net current assets of £7.4m (2018: £18.7m) and net cash at bank of £1.2m (2018: £8.3m) which included £4.7m (2018: £9.5m) of cash and £3.4m (2018: £1.2m) overdraft. In addition to the cash balances, the group and company benefits from a central working capital facility committed for 6 years from 19 September 2016.

The directors have prepared forecasts covering the period to December 2021 for both the Group and Company, based on the detailed Board approved budget for 2021. The forecasts include a number of assumptions in relation to sales volume with the base case assuming margin reductions and some limited overhead increases and a stressed case assuming further trading deterioration.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.3 GOING CONCERN (CONTINUED)

The uncertainty as to any future impact on the group and company due to the COVID-19 outbreak has been separately considered. Thus far, the group and company have experienced a material impact in trading performance due to COVID-19, with many but not all customers closed throughout the UK and overseas. In the downside scenario analysis performed, the directors have considered the reasonably plausible impact of the COVID-19 outbreak on the group's and company's trading and cash flow forecasts.

Whilst the group's and company's trading and cash flow forecasts have been prepared using current trading assumptions reflective of the COVID-19 impact, the operating environment presents a number of challenges which could negatively impact the actual performance achieved. Excluding the potential further severe impact of COVID-19, these risks 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 and Brexit, and the director's 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 2020 trading and cash generation and the anticipated level of trading of the group and company for the period of 12 months from the date of signing the financial statements. As of the date of this report, for financial year 2020, the group and company have continued to be profitable on a trading level and has managed to optimise its working capital whilst not carrying forward any significantly overdue amounts. An additional £2m RCF facility was made available in 2020 by one of the lenders by converting an existing guarantee line and the local overdraft lines in France and the Czech Republic have been increased as a precautionary measure. The liquidity was further supported by government loans provided by the French and USA governments. The US loan is expected to be converted into a 100% grant. The directors believe the criteria for the grant recognition have been met, but a formal approval by the relevant authority is still outstanding as at the date of the financial statements. Until a formal consent has been received, there is a remote possibility that the grant, or a part of it, may not get approved. In the unlikely event that the loan was not converted into a grant, this may lead to a breach of a bank covenant and the bank facilities becoming repayable on demand. This indicates that a material uncertainty exists which may cast significant doubt over the group's and company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group and company were unable to continue as a going concern.

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 COVID-19, 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 December 2021 within the level of the available facilities and associated covenants. Regardless of the grant conversion outcome, the forecast liquidity remains sufficient, underpinning the going concern assumption used for the preparation of these financial statements. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

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, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.6 VALUATION OF INVESTMENTS

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

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.

(i) 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&P MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.7 FINANCIAL INSTRUMENTS (CONTINUED)

(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.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (CONTINUED)**

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. The directors have reviewed the expected trading performance of all subsidiaries across the Group and have prepared a detailed three year projection and discounted cash-flow for the Group on a country level to determine whether an impairment is required.

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.

3. DIRECTORS AND EMPLOYEES

The Company has no employees other than the Directors, who did not receive any remuneration (2018 : nil).

4. AUDITORS' REMUNERATION

Audit fees for 2019 of £2,500 (2018: £2,500) for the auditing of the financial statements have been borne by a fellow group company.

5. INTEREST INCOME

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Interest income on inter-company loans	1,615,450	1,615,450
	<u>1,615,450</u>	<u>1,615,450</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Interest payable on inter-company loans	19,442	19,442
Interest payable on investor Loan Notes	4,979,644	4,526,949
	<u>4,999,086</u>	<u>4,546,391</u>

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****7. TAX ON LOSS**

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
CORPORATION TAX		
UK Corporation Tax on loss for the period	18,652	85,509
TOTAL CORPORATION TAX	<u>18,652</u>	<u>85,509</u>
DEFERRED TAX		
Origination and reversal of timing differences	-	(38,677)
TOTAL DEFERRED TAX	<u>-</u>	<u>(38,677)</u>
TOTAL CURRENT TAX	<u>18,652</u>	<u>46,832</u>

Factors Affecting Tax Charge for the Period

The difference 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 December 2019 £	Year ended 31 December 2018 £
Loss on ordinary activities before tax	<u>(5,257,494)</u>	<u>(2,993,158)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(998,924)	(568,700)
EFFECTS OF:		
Expenses not deductible	1,017,576	654,209
Deferred tax not recognised	-	(38,677)
TOTAL TAX CHARGE FOR THE YEAR	<u>18,652</u>	<u>46,832</u>

Factors that may affect future tax charges

The standard rate of tax applied to reported loss on ordinary activities is 19 per cent (2018: 19 per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2018.

B&P MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost	
At 1 January 2019	1,869,913
Impairment charge	(1,869,913)
At 31 December 2019	<u>-</u>
NET BOOK VALUE	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>1,869,913</u>

The company has an investment in B&P Midco 2 Limited. Due to the group reorganisation that took place during the year, B&P Midco 2 Limited is now in a net liability position. On that basis and due to the fact that B&P Midco 2 Limited will not be profitable going forward, an impairment charge was recognised in the year.

SUBSIDIARY UNDERTAKINGS

The following was a subsidiary undertaking of the Company:

	Registered office	Class of shares	Holding	Principal activity
B&P Midco 2 Limited	Burnham Road, Sandpit Road, Dartford, DA1 5BD, UK	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 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

	Aggregate capital and reserves £	Profit/(loss) for the year £
B&P Midco 2 Limited	-	(1,869,913)

B&P MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8. FIXED ASSET INVESTMENTS (CONTINUED)

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	Burnham Road, Dartford, DA1 5BD, UK	Ordinary	100%	Holding Company
B&P Midco 2 Limited*	Burnham Road, Dartford, DA1 5BD, UK	Ordinary	100%	Holding Company
B&P Buyco Limited	Burnham Road, Dartford, DA1 5BD, UK	Ordinary	100%	Holding Company
BPE Employee Trustees Limited	Burnham Road, Dartford, DA1 5BD, UK	Ordinary	100%	Trustee of the B&P Employee Benefit Trust
BPE Pension Trustees Limited	Burnham Road, Dartford, DA1 5BD, UK	Ordinary	100%	Trustee of the Group's pension scheme
Beck & Pollitzer Engineering Limited	Burnham Road, Dartford, DA1 5BD, UK	Ordinary	100%	Engineering Services
Beck & Pollitzer Engineering Contracts Limited	Burnham Road, Dartford, DA1 5BD, UK	Ordinary	100%	Dormant
Beck & Pollitzer Czech spol. s.r.o.	Ovcarecka 1452, 280 02 Kolin, Czech Republic	Ordinary	100%	Engineering Services
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

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****8. FIXED ASSET INVESTMENTS (CONTINUED)**

Company	Registered office	Class of shares	Holding	Nature of business
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 lului Maniu nr 246, Camera 327, Bloc C37, Bucuresti Sectorul 6, Romania	Ordinary	100%	Engineering Services
Beck & Pollitzer SPb	196191 St Petersburg, Leninsky Prospect 168, Russia	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%	Engineering Services
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
montagen plus-mp 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

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****9. DEBTORS: Amounts falling due within one year**

	2019	(Restated) 2018
	£	£
Amounts owed by Group undertakings	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

10. DEBTORS: Amounts falling due after more than one year

	2019	(Restated) 2018
	£	£
Amounts owed by Group undertakings	45,706,412	44,090,962
Deferred tax asset	38,677	38,677
	<u>45,745,089</u>	<u>44,129,639</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.

£2m of amounts owed to Group undertakings was incorrectly net against the amounts owed by Group undertakings in the prior year. These balances should also have been included within current debtors and the disclosure has been updated for 2018 to correctly restate the balances.

11. CREDITORS: Amounts falling due within one year

	2019	(Restated) 2018
	£	£
Amount owed to group undertakings	2,729,770	2,687,732
	<u>2,729,770</u>	<u>2,687,732</u>

In 2018, an amount of £2,541,424 owed to Group undertakings was incorrectly shown as a long term creditor. This balance should also have been included within current creditors and the disclosure has been updated for 2018 to correctly restate the balances.

B&P MIDCO 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****12. CREDITORS: Amounts falling due after more than one year**

	2019 £	(Restated) 2018 £
Investor loan notes	54,776,084	49,796,439
	<u>54,776,084</u>	<u>49,796,439</u>

13. LOANS

	2019 £	2018 £
Loans repayable, including within creditors, are analysed as follows:		
Not wholly repayable within 5 years	54,776,084	49,796,440
	<u>54,776,084</u>	<u>49,796,440</u>

	2019 £	2018 £
Details of loans not wholly repayable within 5 years are as follows:		
Investor loan notes	54,776,084	49,796,440
	<u>54,776,084</u>	<u>49,796,440</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.

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 2019****14. FINANCIAL INSTRUMENTS**

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

	2019 £	2018 £
FINANCIAL ASSETS		
Debt instruments measured at amortised cost		
- Amounts owed by Group undertakings	<u>47,706,412</u>	<u>46,129,639</u>
FINANCIAL LIABILITIES		
Measured at amortised cost		
- Loans payable	(54,776,084)	(49,796,440)
- Amounts owed to Group undertakings	(2,564,810)	(2,541,423)
	<u>(57,340,894)</u>	<u>(52,337,863)</u>

15. DEFERRED TAXATION

	2019 £
At start of year	-
Credited to profit or loss	38,677
At end of year	<u>38,677</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Tax losses carried forward	38,677	-
	<u>38,677</u>	<u>-</u>

B&P MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. CALLED-UP SHARE CAPITAL

	2019	2018
	£	£
Allotted, called-up and fully paid		
1,869,913 (2018 - 1,869,913) Ordinary shares of £1.00 each	<u>1,869,913</u>	<u>1,869,913</u>

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

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Beck & Pollitzer Limited, whose registered office is at Burnham Road, Dartford, Kent, DA1 5BD, and the ultimate parent undertaking and controlling party is Graphite Capital General Partner VIII LLP, whose registered office is at 7 Air Street, Soho, London, W1B 5AD.

The financial statements of Beck & Pollitzer Limited, whose registered office is at Burnham Road, Dartford, Kent, DA1 5BD, are the smallest and largest for which group financial statements are prepared and in which the company is consolidated. Copies of the Beck & Pollitzer Limited financial statements can be obtained from the registered office as stated on the company information page.

18. POST BALANCE SHEET EVENTS

The only significant post balance sheet event was the COVID-19 pandemic. Please refer to section 1.3 in the notes to the financial statements for further details.