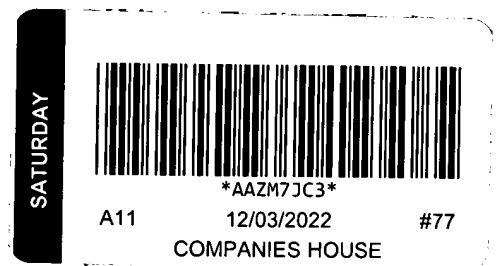


REGISTERED NUMBER: 04932645 (ENGLAND & WALES)

Nasmyth Group Limited

**Group Strategic Report,
Report of the Directors and
Audited Consolidated Financial
Statements
for the year ended 31 January
2021**



NASMYTH GROUP LIMITED
CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	13
Statement of Directors' Responsibilities	15
Independent Auditor's report to the members of Nasmyth Group Limited	16
Consolidated Statement of Profit and Loss and Other Comprehensive Income	20
Consolidated Balance Sheet	22
Company Balance Sheet	23
Consolidated Statement of Changes in Equity	24
Consolidated Cash Flow Statement	25
Notes to the Consolidated Cash Flow Statement	26
Notes to the Consolidated Financial Statements	27

**NASMYTH GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2021**

DIRECTORS

P Smith
S Beech
S Fyfe

REGISTERED OFFICE

Nasmyth House
Coventry Road
Exhall
Coventry
CV7 9FT

REGISTERED NUMBER

04932645 (England & Wales)

NASMYTH GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

The Directors present the Strategic Report together with the Directors Report and the audited financial statements of Nasmyth Group Limited ("Nasmyth" or "the company") for the year ended 31 January 2021.

Principal activities of the Group and its trading subsidiaries are as follows

Nasmyth Group Limited	Holding Company
Nasmyth Coventry Limited	Manufactures a wide range of assemblies, from small multi-part assemblies to complete precision fabricated airframe structures. The businesses CE division also manufacturers satellite test and assembly rigs and heavy fabricated structures, weighing up to 20 tonnes. Specialises in satellite transport units and military equipment
Nasmyth Henton Limited	Manufactures large, complex ring machined components for the aero engine, marine and satellite industries
Nasmyth Bulwell Limited	Manufactures complex airframe or engine components and finished equipment assemblies
Nasmyth Doughty Limited	Manufacturers electrical connectors components for the aerospace, transport, oil, medical and sensor markets
Nasmyth India PVT Limited	Manufacturers best value precision engineering solutions for the aerospace, energy, industrial gas turbine markets
Nasmyth IEC Limited	System design, manufacture assembly and CNC machining for marine, flight simulation and subsea equipment.
Nasmyth Technologies Limited	Sheet metal assemblies including engine nacelles and shrouds, TIG and other welding and prismatic machining to manufacture components
GEB Surface Treatments Limited	Critical metal surface treatments and painting for a range of complex products used in aerospace and similar industries.
Nasmyth West Middlesex Limited	Metal surface treatments, electroplating, anodising and non-destructive testing of intricate components
Nasmyth TMF Inc	Critical metal surface treatments and painting for a range of complex products used in aerospace and similar industries

NASMYTH GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

Business Review

Group

The Nasmyth Group Ltd is the UK incorporated parent company of the Nasmyth Group (“the Group”). The Group is headquartered in the UK. Founded in 2003 by our CEO Peter Smith, the Group is an expanding international business with a global sales presence that manages a portfolio of complementary precision engineering and metal treatment businesses. These complementary businesses coupled with our in-house design capability enable the Group to offer complete end to end solutions for our customers.

The Group has grown successfully over time both organically and through acquisition and has developed strong durable customer partnerships with major international brands. The business is very well positioned in the civil and military aerospace and defence sectors but also has a material presence in marine, assisted mobility, space, energy and specialist automotive. The Group has a strong orderbook and a brand that is synonymous with quality, reliability, performance and on time in full delivery.

The Group continues to place high regard on operational and environmental excellence and has invested significantly in its capabilities, capacity and continuous improvement meaning it now has the capacity to absorb growth. The Group has 7 production sites in the UK, four of which are owned as freehold, a production facility in North America and are about to move into a new production facility in India. The Group have actively developed strong supply chain partnerships in Asia and have plans for a similar facility in the Philippines which will further help the Group provide its customers with high quality best value solutions.

As a direct consequence of Covid-19 the Groups turnover in 2021 fell by 27% to £61,987,000 (2020 £84,608,000). Management acted decisively to mitigate the impact of Covid 19 on the business and to safeguard employees. As a result, the directors are pleased to report that the Group’s 2021 Earnings Before Interest, Tax, Depreciation, and Amortisation (“EBITDA”) before non-recurring costs was £2,197,000 (2020 £6,879,000). Note that included within the EBITDA number is £2,669,000 of Furlough Income (2020 £Nil) and a £516,000 Business Interruption Claim (2020 £Nil).

	£000	£000
EBITDA	2,197	6,879
Amortisation (refer note 7)	(712)	(642)
Depreciation (refer note 7)	(2,516)	(2,018)
Non-recurring expenses (refer note 8)	(3,917)	(777)
Group operating (loss) / profit after non-recurring expenses	(4,948)	3,442

The Group also carefully managed its cash and working capital and also benefited from a Coronavirus Large Business Interruption Loan (CLBIL). Cash at bank and in hand at 31st January 2021 was £4,457,000 (31st January 2020 £2,333,000)

Covid continues to impact the Group’s civil aviation turnover, especially using long-haul twin aisle aircraft has been significantly affected by the limitations on travel imposed by all countries using travel bans and restrictions as a primary response to the pandemic. However, whilst timing is uncertain, a full recovery is expected and the directors are pleased to note an improvement in exit run rates in 2021. The Group has been successful in winning new orders with major key accounts and are entering 2022 with a strong orderbook. Prior to Covid the Group had already begun to take steps to grow its customer portfolio across different sectors and geographical markets and this certainly helped the business offset some of the worst impacts of Covid relative to some of its competitors which were more heavily exposed to the civil aerospace sector.

NASMYTH GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

On the 21 February 2022, Rcapital acquired a majority stake in Nasmyth Group Limited. Rcapital is a private investment organisation specialising in the provision of growth capital to UK and international mid-market enterprises. As part of this investment a new holding company called Lettbell Limited has been formed which will be beneficially owned by the current directors of the Group together with certain partners and funds of Rcapital. The directors are looking forward to working with our new equity partners to deliver the next chapter of our growth story.

On 21 February 2022, the Company and Group also entered into new long term debt facilities with Secure Trust Bank plc and JCP 5 Ltd, a fund under the management of Rcapital. Secure Trust Bank plc refinanced Wells Fargo CID Facility (Confidential Invoice Discounting) and also provided an additional loan of £4.5m. JCP 5 Ltd have also provided the Group with a £15m new loan facility. These additional facilities were used to repay all existing loan facilities to both Wells Fargo and were also used to repay the Barclays CLBIL.

The new long-term debt and equity facilities provided by Rcapital and Secure Trust Bank will provide a financial platform to enable us to more rapidly capitalise upon market opportunities and to expedite our global organic and acquisition-based expansion plans.

Technologies Division

The Technologies division leads with world class modern capabilities in precision fabrication, welding and machining operations, specialising in complex and challenging products for which it has a strong existing and developing customer base. After pleasing growth over the prior year, the division has maintained and developed its position with new and existing customers and has increased sales by 5% year over year. The division has secured several partnership agreements to support legacy defence and special purpose (water bombers for firefighting) aircraft programmes in North America through its design and reverse engineering capability which has and will continue to, deliver increased volumes in this sector.

A further partnership has been put in place with a large Canadian original equipment manufacturer to supply both original equipment and aftermarket conversion for multi-purpose aircraft. The division has also benefitted from securing new and extended Long Term Agreements with large scale equipment and power generation manufacturers which will secure future growth and there is strong positive growth in the production and aftermarket business for major civil turbo-prop engine manufacturers. As a result of the continued achievements, the division has established a strategic relationship with a large military aeroengine manufacturer to be the supplier of choice for equipment and has received substantial new orders during the year.

The division has many approvals and accreditations in place, in addition Nasmyth Coventry Limited has recently achieved NADCAP merit accreditation for welding, chemical processing, non-destructive testing and x-ray.

Metallics Division

The Metallics division has been significantly affected by the decline in the civil aircraft build programmes and in civil aviation maintenance and repair operations with a reduction in turnover of aeroengine and airframe components and equipment of 35%. Management consider that this compares well with the industry average reduction in flying hours and aircraft build rates. The division has taken action to reduce its cost base in line with medium term market forecasts with the closure of its Arden facility and the consolidation of activities at its Pinxton site. The Arden site was closed in April 2021, reducing the number of manufacturing operations to eleven worldwide.

NASMYTH GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

The core competency of this division is the supply of complex machined components and assemblies to prime engine and airframe manufacturers worldwide. The division is well placed in its global markets and has a powerful international customer base. New contracts include critical component supply on an international military aircraft programme, a Long-Term Agreement for fuel connectors on to a high-volume narrow body airframe and a new Long-Term Agreement for large engine parts with an industrial gas turbine / power generation supplier. The division has further secured new lines of business with key USA and Japanese aerospace primes which secures its position as a leading supplier for significant growth narrow and wide body aircraft.

Systems & Defence Division

The Systems & Defence division has seen a year-on-year decline in turnover of 32%, primarily as work on two major projects was completed during the year and follow-on orders were delayed by the uncertainty and restrictions caused by the COVID-19 pandemic. New work has been won throughout the year and the division has a strong order book that will see further growth in the future.

The division has achieved several milestones on its journey during the year which encapsulate the strengthened capability in design and project management resource in its core business, which continues to be centred around the supply of critical parts, assemblies and systems on a range of platforms ranging across space, satellite, nuclear power, flight simulation and defence services and equipment and includes subsea and other naval applications. The division has also extended its contract for important medical equipment which now benefits from the Group's best value / low-cost offering.

The division is pleased to have recently achieved the Joint Supply Chain Accreditation ("JOSCAR"), which is a collaborative tool used by the aerospace, defence and security industry to act as a single repository for pre-qualification and compliance information. Using this system, it is possible to determine if a supplier is "fit for business".

Specialist Division

The Specialist division has a core offering of wet or dry surface treatments for metals and other materials. Based across locations in the UK and North America and with solid strength in the accurate masking of components that are plated, anodised or painted, this division has seen a decline in sales overall by 18% year over year. The continued improvement in sales at Nasmyth TMF (14%) which has a mixed customer base between defence and civil aviation was offset by a decline at Nasmyth West Middlesex and GEB Surface Treatments as both had significant exposure to the civil aviation market.

Quality assurance

The Group maintains widespread customer and quality approvals, in particular all businesses have AS9100 approvals required for the aerospace and defence sectors served. In addition, NADCAP approvals are maintained for any special processes that are carried out within the business. The company operates a Zero Defects programme to drive down defects in any production processes. Additionally, AS14001 (Environmental) and AS45001 (Health and Safety) approvals are held in most businesses, with all businesses to be approved during 2022.

Principal Risks and Uncertainties

The Group continues to execute strategies to optimise business performance opportunities and minimise exposure to potential risks and uncertainties.

NASMYTH GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

There are specific risks in the coming 12 months revolving around Covid, metal prices and component shortages. The Group had put in plans to deal with the potential impact of Brexit and are pleased to report that the business was not materially impacted by events.

The continued impact of Covid-19 and the actions taken to mitigate the impact have been set out in the Directors Report.

Metal prices continue to increase and we are now starting to see shortages in the supply chain that are causing lead times to increase. To mitigate this and to help ensure there are no disruptions to our customers, the Group holds appropriate levels of stock. It has also developed strong supply chain partnerships through time in the UK, Europe, North America and Asia and has long term agreements in place to help mitigate price increases. Our Asia partnerships mean the Group is well placed to offer best cost solutions to customers.

The Group operates in competitive markets across the world. The Group mitigates the risk of losing key customers by having standard terms and conditions at a contract level which are managed centrally, maintaining and building long term relationships with customers to ensure that it is working as a partner (and specific partnership agreements) and has in place long-term agreements across its product portfolio. The Group's Zero defects programme assists in ensuring continual high standards of quality and delivery performance. The Group has also actively looked to mitigate risk by on-boarding new major international customers and growing turnover across its individual businesses, business sectors and geographical markets.

The Group operates across 7 sites across the UK, North America and India and as such there is a potential risk of financial loss or damage to our reputation resulting from inadequate or failed internal processes and systems and the actions of people or external events. The Group manage these risks through appropriate controls and loss mitigation actions.

Examples include:

- Regular performance reviews against budget, forecast and prior periods
- The Group maintains detailed forecasting and scenario testing models
- The Group employs strong management teams at each site that report into an experienced Executive Board to ensure the businesses remain agile and reactive to their customers' needs but act in accordance with Group objectives, policy and procedure
- Management carries out regular operational excellence reviews, focusing on quality, efficiency, performance and customer satisfaction
- The Group carries out regular reviews of key suppliers and customer to understand how each impacts the Group's business and strategies
- Management ensure sufficient insurance cover is in place, including business interruption
- Foreign exchange risk is managed through appropriate currency management
- Disaster recovery plans are maintained for all major sites

The Group's Board continue to monitor potential risk areas on a monthly basis and adjust tactical and strategic plans accordingly to protect our business.

Pro-active working capital management and analysis of historic and anticipated trading patterns assist the Board in its decision making. Financial reviews are undertaken at a Board and management level to analyse and understand current and future results. The Group closely monitor cash flow as part of its day-to-day control procedures. Appropriate facilities are managed and agreed at a Board level and cash performance is measured against budget and forecast projections.

NASMYTH GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

Technology remains a key focus for the Group as we look to differentiate ourselves from competitors and maintain our ability to offer complete end to end solutions to our customers. The Group maintains strategic relationships with its customers to ensure that it invests appropriately in the correct technologies.

Information security and dealing with cyber threats is a high priority for the Group and as such appropriate controls have been implemented that are monitored regularly to ensure compliance with GDPR and other industry and government regulations.

Due to the global nature of the operations and markets in which the Group operates, the business is exposed to translational and transactional foreign exchange risk. Exposure is monitored and the Group uses, where possible, natural hedges for USD and during the year it has implemented a policy to protect against exchange risk which affects cash, by the use of financial instruments.

The Group considers that a major terrorism incident could impact the demand for aircraft should the passenger demand levels decline as a result of that incident. The Group also considers that any technical or health and safety incident which occurs on an aircraft may have a similar level of impact and risk, however, the Group ensures that it has the appropriate quality and control procedures operating across the divisions to mitigate this. This risk could impact the Group operationally and through its reputation, however it is considered low risk overall.

The Group places great emphasis on the wellbeing and development of its employees, recognising that they play a key role in managing the growth and associated risk. It is therefore important that the Group succeed in attracting, developing and retaining qualified, experienced and motivated staff.

Health, Safety and the environment are a major focus for the Board and the Group. Management collectively recognise their responsibility to provide leadership in this area and regard the effective management of health and safety and environmental risk as key to the Groups business objectives. Progress has been made in the Group in achieving AS14001 and AS45001. Furthermore, one of the Group's operating facilities extended its scope of approval within AS9100 to include design.

Environment

The environmental impact is presented in accordance with the Streamlined Energy and Carbon Reporting ("SECR") Guidance as specified under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The data is presented for our financial year from 1 February to 31 January and includes data on our most significant environmental aspects and energy consumption and associated greenhouse gases ("GHG") that are under the Group's operational control and does not include several small office spaces used infrequently and where we do not have energy data.

The GHG emissions calculations are in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. We are reporting 2020 and 2021 data and include Scope 1 GHG emissions (Natural gas primarily used for space heating in the UK and for process heating Globally) and Scope 2 (Electricity primarily used in manufacturing processes as well as lighting in factory and office areas)

The Group has recently added environmental and energy efficiency to its main board agenda as a standing item and established a working party from the senior executive teams to improve our energy efficiency, reduce our GHG emissions and our overall environmental impact

NASMYTH GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

There are a number of initiatives under way

- ongoing replacement programme to remove fluorescent lighting and replace with LED lighting;
- identifying suitable locations on Group owned property to install solar or wind power and utilise a greener energy source rather than rely on grid sourced power; and
- ongoing programmes to look at how energy is consumed in the production and related support processes for boilers, compression systems and machine tools.

We recognise that climate change has the potential to impact upon our operations, with our Californian operations experiencing wildfires in surrounding areas with increasing frequency and severity.

Energy usage and associated GHG emissions

	KwH '000	31 January 2021			31 January 2020		Total
		UK	Global	Total	UK	Global	
Energy consumption used to calculate emissions							
Gas		6,060	1,042	7,102	5,602	1,072	6,674
Electricity		9,277	893	10,170	10,643	893	11,536
Transport fuel		833	72	905	852	75	927
Other energy sources		-	-	-	-	-	-
		16,170	2,007	18,177	17,097	2,040	19,136
Emissions for combustion of	tCO₂e '000						
Gas (Scope 1)		1,239	213	1,452	1,146	213	1,359
Electricity (scope 2)		2,163	208	2,371	2,481	208	2,689
Total Gross CO₂e		3,402	421	3,823	3,627	421	4,048
		Total Gross CO₂e	Total Turnover £'000	TCO₂e per £100,000 of revenue	Total Gross CO₂e	Total Turnover £'000	TCO₂e per £100,000 of revenue
Intensity ratio		3,823,000	61,987	61.68	4,048,000	84,608	47.85

Overall energy consumption remained broadly flat at 18.1 million KwH, with consumption lower in the UK as production volumes fell through the second half of the year; GHG emissions dropped as more UK energy was generated from green energy sources in the year to 31 January 2021.

US energy consumption increased as production and revenue increased through the year and as a result GHG per £100,000 of revenue decreased as did the GHG emissions per employee. Nasmyth India has shared energy bills with other tenants in its building and as such it has not been possible to obtain specific energy consumption data for either year. The Nasmyth India office represents a very low user of energy and its energy usage is immaterial to the Group. Following the year end, Nasmyth India moved from its current shared office facility to a new location just outside the centre of Bengaluru.

NASMYTH GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

Future development

Whilst many of our sectors such as military aerospace and defence have proven to be robust, the Civil Aerospace sector was severely impacted by Covid-19 and that caused the Group's turnover to decline by 27% in the year ending 31 January 2021. Whilst the economic future of the Civil Aerospace sector remains uncertain, management expect to see further recovery in 2022 but have been cautious in their projections and do not expect to see a full recovery until Q4 2023. The directors are however pleased to report a stronger Q4 2021 exit run rate and significant earning visibility over the coming years due to a strong orderbook and long-term customer agreements. The Group has made progress with new major international key accounts and will soon be moving into a new production facility in India which will provide the Group's customers with additional access to best cost solutions. Management are also encouraged by recovering narrow bodied (single aisle) civil aerospace and MRO markets. The Group has proven resilient and is very well invested meaning it has the capacity to deliver and absorb future growth.

Post balance sheet events

On the 21 February 2022, Rcapital acquired a majority stake in Nasmyth Group Limited. Rcapital is a private investment organisation specialising in the provision of growth capital to UK and international mid-market enterprises. As part of this investment a new holding company called Lettbell Limited has been formed which will be beneficially owned by the current directors of the Group together with certain partners and funds of Rcapital. The directors are looking forward to working with our new equity partners to deliver the next chapter of our growth story.

On 21 February 2022, the Group and company also entered into new long term debt facilities with Secure Trust Bank plc and JCP 5 Ltd, a fund under the management of Rcapital. Secure Trust Bank plc refinanced Wells Fargo CID Facility (Confidential Invoice Discounting) and also provided an additional loan of £4.5m. JCP 5 Ltd have also provided the Group with a £15m new loan facility. These additional facilities were used to repay all existing loan facilities to both Wells Fargo and were also used to repay the Barclays CLBIL.

The new long term debt and equity facilities provided by Rcapital and Secure Trust Bank will provide a financial platform to enable us to more rapidly capitalise upon market opportunities and to expedite our global organic and acquisition based expansion plans.

Impact of covid-19

The main risk to the business is the continued impact of covid-19. Critically management took decisive actions early into the crisis to safeguard employees, mitigate the impact on the business and protect its cash position.

The Group 'right sized' its overhead base in 2020 and also utilised the UK Government Job Retention Scheme or "furlough". The Group were careful to ensure critical skills and experience was maintained and that the Group retained its market leading capabilities. Regrettably this still resulted in over 200 colleagues being made redundant in the year.

It was further decided to consolidate some activities at the Pinxton site by closing the Arden facility. The Arden facility was fully closed in April 2021. The total cost of the redundancies and reorganisation costs including those associated with Arden, recognised in the year, was £2.8m.

The Group also aborted an acquisition process and subsequently incurred £0.4m of costs which were written off in full in the year.

NASMYTH GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

Tighter working capital controls were successfully implemented in 2020 to optimise cash and the Group was able to successfully renegotiate its debt facilities and financial covenants with Wells Fargo. The Group was also able to negotiate a new £3.5m CLBIL (Coronavirus Large Business Interruption Loan Scheme) loan with Barclays. Both of these loans have since been replaced by new facilities provided by Secure Trust Bank and R Capital.

In addition, the Group was able to defer some VAT and PAYE payments as part of the UK governments overall package of covid support.

The Group continue to target new business and have also benefited from its balanced portfolio of customers across civil aerospace, military aerospace, defence, marine, assisted mobility, space, energy and specialist automotive. The Group have been successful in winning orders from new major international customers and are pleased to see a gradual recovery emerge. The Group now have a strong orderbook and valued long term customer agreements in place.

Funding and going concern

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

The directors have assessed the short and medium-term outlook through detailed forecasts and scenario planning which demonstrates a long-term viability of the business due to the balanced portfolio of the Group between Civil Aerospace and Military Aerospace, Defence, Military Land and Sea and Medical. The directors have prepared detailed cash flow forecasts for a period of 18 months from the date of the approval of these financial statements which indicate that, taking account of reasonable possible downsides and anticipated impact of COVID-19 on the operations and its financial resources, the Group and the Company will have sufficient funds to meet its liabilities as they fall due for that period.

These detailed forecasts have been carefully prepared by management and are based upon latest customer schedules and forecasts, orderbooks and sales pipeline. In preparing these, management have been cautious in their margin assumptions but have considered some additional opportunities to optimise profit and cash.

The directors have established a reasonable expected base case scenario which is considered to be the most robust and likely scenario but have then stress tested this to produce a severe but plausible downside with reductions in sales which would reduce the profit and cashflow of the Group. This reduction in sales would see no recovery of sales from the current run rate and shows a suppressed margin alongside a cautious view of cost savings, some of which have already been planned by management. Finally, the directors have also considered the potential impact of a more rapid recovery in the civil aerospace market which could lead to a material increase in inventory and receivables levels. Under this stress test the Group also has sufficient liquidity under its new facilities to meet its day-to-day requirements. The forecasts have been reviewed alongside the new funding received which is described below.

On the 21 February 2022, Rcapital acquired a majority stake in Nasmyth Group Limited. Rcapital is a private investment organisation specialising in the provision of growth capital to UK and international mid-market enterprises. As part of this investment a new holding company called Lettbell Limited has been formed which will be beneficially owned by the current directors of the Group together with certain partners and funds of Rcapital. The directors are looking forward to working with our new equity partners to deliver the next chapter of our growth story.

NASMYTH GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

On 21 February 2022, the Group and company also entered into new long term debt facilities with Secure Trust Bank plc and JCP 5 Ltd, a fund under the management of Rcapital. Secure Trust Bank plc refinanced Wells Fargo CID Facility (Confidential Invoice Discounting) and also provided an additional loan of £4.5m. JCP 5 Ltd have also provided the Group with a £15m new loan facility. These additional facilities were used to repay all existing loan facilities to both Wells Fargo and were also used to repay the Barclays CLBIL. This refinancing provides the Group with significantly more funding than under the previous arrangements.

The Group remains in regular dialogue with its bankers and continues to maintain detailed 18 month forecasts so that management can ensure prompt and timely decisions are made to support opportunities for recovery and growth but to also mitigate any further impact covid-19 may have on its core markets.

Taking account of reasonably possible downsides, the directors are satisfied that there is sufficient covenant headroom and cash to meet its liabilities as they fall due for that period.

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

Board decision making

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires directors to have regard to, amongst other matters, the:

- a) likely consequences of any decisions in the long-term;
- b) interests of the company's employees;
- c) need to foster the company's business relationships with suppliers, customers and others;
- d) impact of the company's operations on the community and environment;
- e) desirability of the company maintaining a reputation for high standards of business conduct; and
- f) need to act fairly as between members of the company.

The executive directors of the Group and Company have consistent regard to the matters set out in sections 172 (a)-(f) when discharging their duties and the effect of these on certain decisions taken has been explained throughout the strategic report and covers all of the above points. In addition, the executive directors, have regard to other factors which include the relevant regulatory bodies within which the Group and company are required to operate. The executive directors aim to make sure that the decisions are, where possible, consistent and appropriate in all circumstances.

The Group Board operates a governance and executive management and control structure to delivering its operations and strategy, as noted below.

NASMYTH GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

Governance and Executive Management and Control

The Group is held accountable by a Group Board which comprises a Chairman and Chief Executive Officer and three advisors to the Board representing Finance, Business Development and Legal functions. There is a balanced breadth of experience on the Board. The strategy and planning are the responsibility of the Group Board and this is executed by the Board through the Regional Management Boards and the senior management team. The day-to-day senior management team is led in the UK by the Chief Operating Officer and elsewhere in the world, operations and senior management are managed by the Group Chief Executive Officer and the new regional management boards in Asia and North America which have defined delegated responsibilities and powers.

ON BEHALF OF THE BOARD:



P Smith - Director

Date: 10 March 2022

NASMYTH GROUP LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2021

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

Principal Activity

The principal activity of the Group in the year under review was that of design and manufacture of precision machined components, complemented by system design and manufacture, specialist precision fabrication, assembly, treatment, and surface coating operations.

The principal activity of the company is that of a holding company providing management services to its subsidiaries.

Dividends

The total distribution of dividends for the year ended 31 January 2021 was £260,000 (2020: £450,000).

Research & Development

Research and development expenditure is expensed as it is incurred. The Group incurred expenditure of £3,333,000 (2020: £3,750,000) during the year.

Directors

The directors shown below have held office during the whole of the period from 1 February 2020 to the date of this report.

P Smith

S Beech

P Jones - resigned 31 December 2020

R Soen - resigned on 20 June 2020.

S Fyfe – appointed 13 September 2021

Political donations and expenditure

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

Disabled persons

The Group's policy is to provide equal opportunities in the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Disclosure in the Strategic Report

The directors have chosen to set out in the strategic report (Page 2 to Page 13) information required to be stated in the directors' report including a review of business and principal risks and uncertainties.

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 10.

**NASMYTH GROUP LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2021**

Statement as to disclosure of Information to Auditors

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

Auditors

Nasmyth Group, as part of its normal operational procedures, has asked a number of firms to quote for the provision of audit services for the audit of the financial year to 31 January 2022 and future years. KPMG LLP elected not to participate in the review and will resign as auditors upon completion of their work in relation to these financial statements. After an extensive process, Nasmyth Group will appoint RSM UK Audit LLP as its auditor for this company and other Group companies for the foreseeable future.

ON BEHALF OF THE BOARD



P Smith – Director

Date: 10 March 2022

NASMYTH GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 JANUARY 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

NASMYTH GROUP LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NASMYTH GROUP LIMITED

Opinion

We have audited the financial statements of Nasmyth Group Limited ("the Company") for the year ended 31 January 2021 which comprise the Consolidated statement of profit and loss and other comprehensive income, Consolidated and Company balance sheets, Consolidated statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 2. In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

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

NASMYTH GROUP LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NASMYTH GROUP LIMITED

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud .

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

- Enquiring of directors as to the Group’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journal entries posted to unexpected accounts and journal entries posted to seldom used accounts.
- Testing a sample of revenue transactions to supporting documentation for all full scope components to assess whether revenue had been recorded in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

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

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

NASMYTH GROUP LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NASMYTH GROUP LIMITED

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

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

NASMYTH GROUP LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NASMYTH GROUP LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 15, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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


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

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

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

Aimie Keki (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL



Date: 11 March 2022

NASMYTH GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 JANUARY 2021

	Notes	2021 £'000	2020 £'000
GROUP TURNOVER	4	61,987	84,608
Cost of sales		<u>(56,116)</u>	<u>(68,953)</u>
GROSS PROFIT		5,871	15,655
Administrative expenses		<u>(10,758)</u>	<u>(12,634)</u>
		(4,887)	3,021
Other operating income	5	<u>3,856</u>	<u>1,198</u>
Group operating (loss) / profit before non-recurring expenses		(1,031)	4,219
Non-recurring expenses	8	<u>(3,917)</u>	<u>(777)</u>
Group operating (loss) / profit after non-recurring expenses		(4,948)	3,442
EBITDA		2,197	6,879
Amortisation	7	(712)	(642)
Depreciation	7	(2,516)	(2,018)
Non-recurring expenses	8	(3,917)	(777)
Group operating (loss) / profit after non-recurring expenses		(4,948)	3,442
Interest payable and similar expenses	9	<u>(553)</u>	<u>(737)</u>
(LOSS) / PROFIT BEFORE TAXATION		(5,501)	2,705
Tax on (loss) / profit	10	<u>613</u>	<u>(1,118)</u>
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(4,888)	1,587

EBITDA is calculated as profit before non-recurring expenses and income, interest, tax, depreciation and amortisation charge. Note that it includes £2,669,000 of Furlough Income (2020 £nil) and £516,000 of Business Interruption claim (2020: £599,000)

The accompanying notes form part of these financial statements

NASMYTH GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 JANUARY 2021

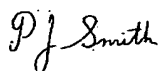
	2021 £'000	2020 £'000
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	(4,888)	1,587
OTHER COMPREHENSIVE INCOME <i>(Loss) / gain on translation reserve</i>	404	257
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF INCOME TAX	404	257
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(4,484)	1,844
<i>(Loss) / profit attributable to:</i>		
Owners of the parent	(4,484)	1,844
Total comprehensive (loss) / income attributable to:		
Owners of the parent	(4,484)	1,844

The accompanying notes form part of these financial statements

NASMYTH GROUP LIMITED
CONSOLIDATED BALANCE SHEET
31 JANUARY 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangibles					
Goodwill	14	3,560		4,308	
Negative Goodwill	14	(709)		(728)	
Net goodwill		<u>2,851</u>		<u>3,580</u>	
Other intangibles	14	180		240	
			<u>3,031</u>		<u>3,820</u>
Tangible assets	15		<u>19,392</u>		<u>21,846</u>
			<u>22,423</u>		<u>25,666</u>
CURRENT ASSETS					
Stocks	17	10,697		13,887	
Debtors	18	15,060		23,481	
Cash at bank and in hand		<u>4,457</u>		<u>2,333</u>	
		<u>30,214</u>		<u>39,701</u>	
CREDITORS					
Amounts falling due within one year	19	(19,275)		(22,240)	
NET CURRENT ASSETS			<u>10,939</u>		<u>17,461</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,362</u>		<u>43,127</u>
CREDITORS					
Amounts falling due after more than one year	20		(15,751)		(20,844)
PROVISIONS FOR LIABILITIES					
Deferred tax liability	23		(587)		(415)
Other provisions	23		(112)		(212)
NET ASSETS			<u>16,912</u>		<u>21,656</u>
CAPITAL AND RESERVES					
Called up share capital	26		156		156
Share premium	27		72		72
Translation reserve	27		120		(284)
Retained earnings	27		<u>16,564</u>		<u>21,712</u>
			<u>16,912</u>		<u>21,656</u>

The financial statements were approved by the Board of Directors on **10 March 2022** and were signed on its behalf by:



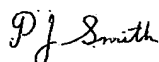
P Smith – Director

The accompanying notes form part of these financial statements.

NASMYTH GROUP LIMITED
COMPANY BALANCE SHEET
31 JANUARY 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15		107		106
Investments	16		5,372		7,179
			<u>5,479</u>		<u>7,285</u>
CURRENT ASSETS					
Debtors within one year	18	2,813		4,839	
Debtors due after more than one year	18	36,488		35,573	
Total Debtors	18	<u>39,301</u>		<u>40,412</u>	
Cash at bank and in hand		1,374		337	
		<u>40,675</u>		<u>40,749</u>	
CREDITORS					
Amounts falling due within one year	19	(13,124)		(16,579)	
NET CURRENT ASSETS			<u>27,551</u>		<u>24,170</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,030</u>		<u>31,455</u>
CREDITORS					
Amounts falling due after more than one year	20		(2,025)		(441)
Provisions for liabilities					
Deferred tax liability	23		-		(10)
NET ASSETS			<u>31,005</u>		<u>31,004</u>
CAPITAL AND RESERVES					
Called up share capital	26		156		156
Share premium	27		72		72
Retained earnings	27		30,777		30,776
			<u>31,005</u>		<u>31,004</u>
Company's profit for the financial year			<u>261</u>		<u>3,816</u>

The financial statements were approved by the Board of Directors on **10 March 2022** and were signed on its behalf by:



P Smith – Director

The accompanying notes form part of these financial statements.

NASMYTH GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Translation reserve £'000	Total equity £'000
Balance at 1 February 2019	156	20,575	72	(541)	20,262
Total comprehensive income for the period					
Profit for the financial year	-	1,587	-	-	1,587
Other comprehensive income	-	-	-	257	257
Total comprehensive income	-	1,587	-	257	1,844
Transactions with owners, recorded directly in equity					
Dividends	-	(450)	-	-	(450)
Total contributions by and distributions to owners	-	(450)	-	-	(450)
Balance at 31 January 2020	156	21,712	72	(284)	21,656
Total comprehensive income for the period					
(Loss) for the financial year	-	(4,888)	-	-	(4,888)
Other comprehensive income	-	-	-	404	404
Total comprehensive income	-	(4,888)	-	404	(4,484)
Transactions with owners, recorded directly in equity					
Dividends	-	(260)	-	-	(260)
Total contributions by and distributions to owners	-	(260)	-	-	(260)
Balance at 31 January 2021	156	16,564	72	120	16,912

The accompanying notes form part of these financial statements

NASMYTH GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	a	7,819	3,283
Interest paid	9	(553)	(737)
Tax paid		(123)	(452)
Net cash inflow from operating activities		<u>7,143</u>	<u>2094</u>
Cash flows from investing activities			
Acquisition of intangible fixed assets	14	-	(300)
Acquisition of tangible fixed assets	15	(1,001)	(3,320)
Sale of tangible fixed assets		892	15
Net cash outflow from investing activities		<u>(109)</u>	<u>(3,605)</u>
Cash flows from financing activities			
New loans in the year	c	3,804	500
Repayment of borrowings	c	(8,380)	(2,341)
Repayment of finance lease liabilities	c	(390)	(2,147)
Proceeds from new finance leases	c	316	1,888
Equity dividends paid	13	(260)	(450)
Net cash outflow from financing activities		<u>(4,910)</u>	<u>(2,550)</u>
Net increase / (decrease) in cash and cash equivalents		2,124	(4,061)
Cash and cash equivalents at beginning of the year	b	2,333	6,309
Effect of foreign exchange rate changes		-	85
Cash and cash equivalents at end of year	b	<u>4,457</u>	<u>2,333</u>

The accompanying notes form part of these financial statements

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2021

a. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	Notes	2021 £'000	2020 £'000
(Loss) / profit for the financial year		(4,888)	1,587
Depreciation & amortisation charges	7	3,228	2,660
Interest payable and similar expenses	9	553	737
Taxation	10	(613)	1,118
		<u>(1,720)</u>	<u>6,102</u>
Increase in stocks		3,190	(1,926)
Decrease in trade and other debtors		9,403	363
Decrease in trade and other creditors		(3,054)	(1,256)
Cash generated from operations		<u>7,819</u>	<u>3,283</u>

b. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 January 2021

	2021 £'000	2020 £'000
Cash at bank and in hand	<u>4,457</u>	<u>2,333</u>

c. ANALYSIS OF CHANGES IN NET DEBT

	2020 £'000	Cash flow £'000	Non-cash movements £'000	2021 £'000
Net cash – cash at bank	<u>2,333</u>	<u>2,124</u>	<u>-</u>	<u>4,457</u>
Debt				
Finance lease	(4,842)	74	-	(4,768)
Debts falling due within 1 year	(1,191)	-	(210)	(1,401)
Debts falling due after more than 1 year	(17,473)	4,576	210	(12,687)
	<u>(23,506)</u>	<u>4,650</u>	<u>-</u>	<u>(18,856)</u>

The accompanying notes form part of these financial statements

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

1. STATUTORY INFORMATION

Nasmyth Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office can be found on the company information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentation currency of the financial statements is the Pound Sterling (£) and amounts have been presented in round thousands (£'000).

Going concern

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

The directors have assessed the short and medium-term outlook through detailed forecasts and scenario planning which demonstrates a long-term viability of the business due to the balanced portfolio of the Group between Civil Aerospace and Military Aerospace, Defence, Military Land and Sea and Medical. The directors have prepared detailed cash flow forecasts for a period of 18 months to September 2023 from the date of the approval of these financial statements which indicate that, taking account of reasonable possible downsides and anticipated impact of COVID-19 on the operations and its financial resources, the Group and the company will have sufficient funds to meet its liabilities as they fall due for that period.

These detailed forecasts have been carefully prepared by management and are based upon latest customer schedules and forecasts, orderbooks and sales pipeline. In preparing these, management have been cautious in their margin assumptions but have considered some additional opportunities to optimise profit and cash.

The directors have established a reasonable expected base case scenario which is considered to be the most robust and likely scenario but have then stress tested this to produce a severe but plausible downside with reductions in sales which would reduce the profit and cashflow of the Group. This reduction in sales would see no recovery of sales from the current run rate and shows a suppressed margin alongside a cautious view of cost savings, some of which have already been planned by management. Finally, the directors have also considered the potential impact of a more rapid recovery in the civil aerospace market which could lead to a material increase in inventory and receivables levels. Under this stress test the Group also has sufficient liquidity under its new facilities to meet its day-to-day requirements. The forecasts have been reviewed alongside the new funding received which is described below.

On the 21 February 2022, Rcapital acquired a majority stake in Nasmyth Group Limited. Rcapital is a private investment organisation specialising in the provision of growth capital to UK and international mid-market enterprises. As part of this investment a new holding company called Lettbell Limited has been formed which will be beneficially owned by the current directors of the Group together with certain partners and funds of Rcapital. The directors are looking forward to working with our new equity partners to deliver the next chapter of our growth story (see note 25).

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Going Concern - continued

On 21 February 2022, the Group and company entered into new long term debt facilities with Secure Trust Bank plc and JCP 5 Ltd, a fund under the management of Rcapital. Secure Trust Bank plc refinanced Wells Fargo CID Facility (Confidential Invoice Discounting) and also provided an additional loan of £4.5m. JCP 5 Ltd have also provided the Group with a £15m new loan facility. These additional facilities were used to repay all existing loan facilities to both Wells Fargo and were also used to repay the Barclays CLBIL. This refinancing provides the group with significantly more funding than under the previous arrangements.

The Group remains in regular dialogue with its bankers and continues to maintain detailed 18 month forecasts so that management can ensure prompt and timely decisions are made to support opportunities for recovery and growth but to also mitigate any further impact covid-19 may have on its core markets.

Taking account of reasonably possible downsides, the directors are satisfied that there is sufficient covenant headroom and cash to meet its liabilities as they fall due for that period.

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

Financial Reporting Standard 102 – reduced disclosure exemptions

In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Basis of consolidation

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

An associate is an entity which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated statement of profit and loss and other comprehensive income and its interest in their net assets is recorded on the balance sheet using the equity method.

When a Group company is party to a joint venture which is not an entity that company accounts for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

In the parent company financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

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

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration receivable which generally equates to the invoiced amount, excluding sales tax. The company has three principal revenue streams:

(i) Sales of product

Turnover for sales of goods and services is recognised when the risk and rewards of ownership have passed which, dependent upon the contractual terms, may be at the point of despatch, acceptance by the customer or certification by the customer.

(ii) Long Term Contracts

On certain contracts, the Group recognises turnover over a period of time as risks and rewards are transferred. Turnover is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties. Where consideration is not specified within the contract or is otherwise subject to variability, the Group estimates the amount of consideration to be received from the customer.

Turnover is recognised using the input method, which uses costs incurred and the assessed margin across the contract to determine the turnover to be recognised. The input method is used to measure progress as it best depicts the transfer of control to the customer. The margin and associated revenues are calculated based on the estimated transaction price and expected total costs, with considerations made for the associated contract costs.

(iii) Design and Build

On occasions cash is received in advance of work performed to compensate the Group for costs incurred in design and development activities. Where such amounts are received and the risks and rewards of ownership over development assets are not deemed to have been transferred, amounts are deferred onto the balance sheet and taken to turnover as the Group performs its contractual obligations either on delivery or product milestones.

Business combinations

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

At the acquisition date, the Group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- the estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- the directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed as negative goodwill.

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

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Intangible assets, goodwill and negative goodwill

(i) Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or Groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

(ii) Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included in goodwill and released to the statement of profit and loss and other comprehensive income in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the statement of profit and loss and other comprehensive income in the periods expected to benefit.

(iii) Research and development

Expenditure on research activities is recognised in the statement of profit and loss and other comprehensive income as an expense is incurred.

(iv) Other intangible assets

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

(v) Amortisation

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

- Customer relationships 5 years
- Intellectual property 5 years

The basis for choosing these useful lives is the expected number of years to generate benefits from existing customer relationships and from Intellectual property.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

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

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other assets are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are charged to the profit and loss account and statement of other comprehensive income over the period of the lease. All other leases are regarded as operating leases and payments made under them are charged to the statement of profit and loss and other comprehensive income on a straight-line basis over the lease term.

The Group assesses at each reporting date whether tangible fixed assets (including those under finance leases) are impaired.

Depreciation is charged to the statement of profit and loss and other comprehensive income on a straight-line basis over the estimated useful economic lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|----------------------------|----------------------------|
| • Freehold buildings | 50 years |
| • Short leasehold property | Over the life of the lease |
| • Plant & Machinery | 7 – 12 years |
| • Fixtures & fittings | 3 – 5 years |
| • Motor vehicles | 3 – 7 years |

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

Stocks

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

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES – continued

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions in foreign currencies are translated to the Group companies' functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency differences arising on translation are recognised in the statement of profit and loss and other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Defined contribution plans

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

Classification of financial instruments issued by the Group

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

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial instruments for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Basic Financial instruments

(i) Trade and other debtors and creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at the transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Interest-bearing borrowings classified as basic financial instruments

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

(iii) Investments in preference and ordinary shares

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

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

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

Impairment excluding stocks and deferred tax assets

(i) Financial assets (including trade and other debtors)

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

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

(ii) Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purposes of impairment testing, is allocated to individual CGUs or Groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire Group into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit or Group of units on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

(ii) Non-financial assets - continued

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reasonably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make payment under the guarantee.

Operating Lease

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

Finance Lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

2. ACCOUNTING POLICIES - continued

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the statement of profit and loss and other comprehensive income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of profit and loss and other comprehensive income (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in the statement of profit and loss and other comprehensive income as they accrue, using the effective interest method. Dividend income is recognised in the statement of profit and loss and other comprehensive income on the date the entity's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

Government Grants

In response to COVID-19, the UK government announced a number of initiatives for businesses to assist with cashflow. The Group has received financial assistance in the following areas during the year ended 31 January 2021.

- Coronavirus Job Retention Scheme – these grants are received after the costs have been incurred, in line with Section 24 of FRS 102, these amounts have been recognised based on the accrual model and measured at the fair value of the receivable. The revenue is recognised in the profit and loss and the Group has reported this as Other Income. Please see Note 4
- Time to Pay Arrangements – On 24 September 2020 the Chancellor announced that he would allow businesses to spread the VAT that was deferred in June 2020 to 31 March 2021 over 11 repayments to 28 February 2022 with no interest charge.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in this note, 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 assumptions 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.

The following are the critical judgements and key sources of estimation uncertainty that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Stocks

In determining the cost of stocks, the directors have to make judgements to arrive at cost and net realisable value. Determining cost requires judgement as to the value of labour and overheads applied to stocks. Determining the net realisable value of products held requires judgement to be applied to determine the likely saleability of the product and the potential price that can be achieved. In arriving at any provisions for net realisable value the directors take into account the age, condition and quality of the product stocked and the recent trend in sales.

Contract cost to complete

In determining the Sales and attributable profit recognised in the financial statements of the Group, the directors have to make judgement as to the level of completeness of each project against contract price. In determining this level of completeness, the directors have looked forward to consider the final cost and requirements to complete the project based on latest estimates. This methodology is applied consistently across all projects.

With the exception of the critical judgements and key sources of estimation described above, the directors consider that there are no other significant judgements or estimates in the preparation of these financial statements.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

4. TURNOVER

An analysis of turnover by geographical market is given below:	2021	2020
	£'000	£'000
United Kingdom	42,373	60,176
Europe	7,777	8,610
Asia	1,268	3,826
North America	9,812	11,768
Other	757	228
	61,987	84,608

An analysis of turnover by activity is given below:	2021	2020
	£'000	£'000
Sale of product	59,453	82,388
Contract accounting revenue	2,534	2,220
	61,987	84,608

An analysis of turnover by origin is given below:	2021	2020
	£'000	£'000
United Kingdom	59,552	82,468
North America	2,435	2,140
	61,987	84,608

5. OTHER OPERATING INCOME

	2021	2020
	£'000	£'000
Business interruption claim	516	599
Research & Development tax credits	686	570
Other sundry income	25	29
JRS grant	2,629	-
	3,856	1,198

The business interruption claim of £516,000 (2020: £599,000) relates to a fire on 4th January 2019. A subsidiary based in the UK, Nasmyth West Middlesex Limited, experienced a small fire in the main building which caused damage to the building and capital equipment and immediately halted the operational ability of the business. Operations recommenced in May 2019 and the insurance business interruption claim reported in other operating income included a contribution towards operating costs during the shutdown and recovery period. The facility is now operating fully and effectively.

Other operating income includes £686,000 (2020: £570,000) of Research and development credits, of which £286,000 (2020: £120,000) relates to the previous financial year.

The Group utilised the UK government's Job Retention Scheme ("JRS") grant scheme (FY2021: £2,359,000; FY2020 Nil) and also utilised the US Federal equivalent (FY2021: £270,000; FY2020: Nil) in order to maintain employment levels for as long as possible.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

6. EMPLOYEES AND DIRECTORS

	2021	2020
	£'000	£'000
Wages and salaries	24,147	27,530
Social security costs	2,137	2,593
Contributions to defined contributions plans	793	806
	27,077	30,929
The average number of employees during the year was as follows:		
	2021	2020
	No.	No.
Sales, distribution and administration	303	229
Production	395	562
	698	791
Directors' remuneration		
	2021	2020
	£'000	£'000
Emoluments for qualifying services	1,307	1,142
Contributions to money purchase pension schemes	8	10
	1,315	1,152
The number of directors to whom retirement benefits were accruing was as follows:		
	2021	2020
Money purchase schemes	1	1
The emoluments of the highest paid director were as follows:		
	2020	2019
	£'000	£'000
Emoluments for qualifying services	671	429
Contributions to money purchase pension schemes	8	10

Total compensation of key management personnel (including the directors) in the year amounted to £1,316,000(2020: £1,195,000). This included £270,000 payable over 24 months as part of a settlement agreement.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

7. Expenses and auditors' remuneration

	2021	2020
	£'000	£'000
Research and development expensed as incurred	3,333	3,750
Depreciation – owned assets	1,608	1,185
Depreciation – assets held under finance lease or hire purchase contracts	908	833
Amortisation	712	642
Profit on disposal of fixed assets	(9)	(13)
Operating lease expenses	788	589
Foreign exchange losses / (gains)	(130)	(606)
Auditors' remuneration		
Audit of these financial statements	35	40
Audit of financial statements of subsidiaries of the company	145	105
Taxation compliance services	60	50
Other taxation services	90	50
Advisory services	70	-

8. NON-RECURRING TRANSACTIONS

	2021	2020
	£'000	£'000
Redundancy & reorganisation costs	2,753	-
Abortive acquisition and disposal fees	436	-
Legal & professional fees	212	777
Customer settlement	516	-
	3,917	777

Non-operating costs, such as legal expenses and consultancy costs, are included in the Statement of profit and loss and other comprehensive income and are considered to be non-recurring in nature.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Bank Interest	428	546
Other interest	42	50
Hire purchase interest	123	141
FX gain in interest	(40)	-
	553	737

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

10. TAXATION

Analysis of the tax charge:	2021	2020
The tax (credit) / charge on the (loss) / profit for the year was as follows:		
	£'000	£'000
Current tax:		
UK corporation tax	(741)	944
Prior year adjustments	(41)	37
Total current tax	<u>(782)</u>	<u>981</u>
Deferred tax:		
Deferred taxation		
Timing differences	131	156
Prior year adjustments	38	(19)
Total deferred tax	<u>169</u>	<u>137</u>
Tax on (loss) profit	<u>(613)</u>	<u>1,118</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK:	2021	2020
	£'000	£'000
(Loss) / profit before tax	<u>(5,501)</u>	<u>2,705</u>
(Loss) / profit multiplied by the standard rate of corporation tax in the UK of 19% (2019:19%)	(1,045)	514
Effects of:		
Net expenses not deductible for tax purposes	371	547
Depreciation in excess of capital allowances	52	33
Adjustments to tax charge in respect of previous periods	(4)	24
Research and development expenditure	(57)	-
Remeasurement of deferred tax for changes in tax rate	70	-
Total tax charge	<u>(613)</u>	<u>1,118</u>

Tax effects relating to effects of other comprehensive income

		2021	
	Gross	Tax	Net
	£'000	£'000	£'000
Gain on translation reserve	<u>380</u>	<u>-</u>	<u>380</u>
		2020	
	Gross	Tax	Net
	£'000	£'000	£'000
Loss on translation reserve	<u>257</u>	<u>-</u>	<u>257</u>

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

11. TAXATION (continued)

Factors that may affect future current and total tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 January 2021 has been calculated at 19% (31 January 2020: 17%).

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023 which will have a consequential effect on the Group's future tax charge. This change was substantively enacted in May 2021.

12. INDIVIDUAL STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

As permitted by section 408 of the Companies Act 2006, the statement of profit and loss and other comprehensive income of the parent company is not presented as part of these financial statements.

13. DIVIDENDS

	2021 £'000	2020 £'000
Ordinary shares of 25p and £1 each		
Interim and paid	<u>260</u>	<u>450</u>

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

14. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Negative goodwill £'000	Other intangibles £'000	Total £'000
COST				
At 1 February 2020	7,642	(5,053)	880	3,469
Additions	-	-	-	-
Amounts written off in the year	(472)	2,140	(580)	1,088
Exchange differences	-	-	-	-
At 31 January 2021	<u>7,170</u>	<u>(2,913)</u>	<u>300</u>	<u>4,557</u>
AMORTISATION				
At 1 February 2020	(3,334)	4,325	(640)	351
Amortisation charge	(671)	19	(60)	(712)
Amounts written off in the year	472	(2,140)	580	(1,088)
Exchange differences	(77)	-	-	(77)
At 31 January 2021	<u>(3,610)</u>	<u>2,204</u>	<u>(120)</u>	<u>(1,526)</u>
NET BOOK VALUE				
At 31 January 2021	<u>3,560</u>	<u>(709)</u>	<u>180</u>	<u>3,031</u>
At 31 January 2020	<u>4,308</u>	<u>(728)</u>	<u>240</u>	<u>3,820</u>

Intangibles represent customers relations acquired as part of the acquisition of Nasmyth TMF, Inc. in July 2014 and technical know-how acquired by Nasmyth IEC in January 2019.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

15. TANGIBLE FIXED ASSETS

Group	Freehold property £'000	Short leasehold £'000	Plant & machinery £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
COST						
At 1 February 2020	8,390	239	25,066	2,639	29	36,363
Additions	98	-	611	292	-	1,001
Disposals	(813)	-	(133)	(1)	(29)	(976)
Transfer	(46)	46	-	-	-	-
Exchange differences	-	-	(155)	-	-	(155)
At 31 January 2021	<u>7,629</u>	<u>285</u>	<u>25,389</u>	<u>2,930</u>	<u>-</u>	<u>36,233</u>
DEPRECIATION						
At 1 February 2020	(1,562)	(63)	(10,983)	(1,880)	(29)	(14,517)
Charge for the year	(115)	(42)	(2,047)	(312)	-	(2,516)
Eliminated on disposal	8	-	121	-	29	158
Transfer	14	(14)	-	-	-	-
Exchange differences	-	-	34	-	-	34
At 31 January 2021	<u>(1,655)</u>	<u>(119)</u>	<u>(12,875)</u>	<u>(2,192)</u>	<u>-</u>	<u>(16,841)</u>
NET BOOK VALUE						
At 31 January 2021	<u>5,974</u>	<u>166</u>	<u>12,514</u>	<u>738</u>	<u>-</u>	<u>19,392</u>
At 31 January 2020	<u>6,828</u>	<u>176</u>	<u>14,083</u>	<u>759</u>	<u>-</u>	<u>21,846</u>

Included in the total net book value of plant & machinery is (2020: £7,901,000) in respect of assets held under finance lease and similar hire purchase contracts. Depreciation for the year on these assets was £908,000 (2020: £833,000). (See note 21). Included in the total net book value of fixtures and fittings is £53,000 (2020: £41,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year in respect of these assets was £16,000 (2020: £9,000).

Included in land and buildings is freehold land of £2,833,000 (2020: £2,833,000) which is not being depreciated. The freehold property of £5,973,000 (2020: £6,828,000) is pledged as security against the property loan of £2,606,000 (2020: £1,454,000), the cash flow loan of £417,000 (2020: £1,250,000) and the CLBIL loan £350,000 (2020: Nil) (see note 20).

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

15. TANGIBLE FIXED ASSETS – continued

Company	Fixtures and Fittings £'000
COST	
At 1 February 2020	159
Additions	52
Disposals	(1)
	<hr/>
At 31 January 2021	210
	<hr/>
AMORTISATION	
At 1 February 2020	(53)
Charge for the year	(50)
	<hr/>
At 31 January 2020	(103)
	<hr/>
NET BOOK VALUE	
At 31 January 2021	107
	<hr/>
At 31 January 2020	106
	<hr/>

16. FIXED ASSET INVESTMENTS

Company	Shares in Group undertakings £'000
COST	
At 1 February 2020 and at 31 January 2021	7,179
	<hr/>
Provision	
At 1 February 2020	-
Charge for the year	(1,807)
Exchange differences	-
	<hr/>
At 31 January 2021	(1,807)
	<hr/>
NET BOOK VALUE	
At 31 January 2021	5,372
	<hr/>
At 31 January 2020	7,179
	<hr/>

During the year, the company provided £1,807,000 against the cost of investment in Precision Welding Services Limited, a dormant company that had not traded for a number of years.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

16. FIXED ASSET INVESTMENTS - continued

The Group or the company's investments at the Balance Sheet date in the share capital of the companies included the following:

Subsidiary	Registered Office	Country of incorporation	Principal activity
The company own 100% of the Ordinary share capital of the following entities:			
GEB Surface Treatments Limited	1	England & Wales	Surface treatments
Nasmyth Bulwell Limited	1	England & Wales	Manufacture of precision machined components
C&M 2016 Limited *	1	England & Wales	Dormant
Nasmyth Composites limited	1	England & Wales	Dormant
Nasmyth Coventry Limited	1	England & Wales	Engineering, machining and metal fabrications
Nasmyth Doughty Limited *	1	England & Wales	Manufacture of precision machined components
Nasmyth Engineering Limited *	1	England & Wales	Dormant
Nasmyth Enterprises Limited	1	England & Wales	Asset holding company
Nasmyth Henton Limited	1	England & Wales	Manufacture of precision machined components
Nasmyth IEC Limited	1	England & Wales	Manufacture of precision machined components
Nasmyth Industries Limited *	1	England & Wales	Holding company
Nasmyth Technologies Limited	1	England & Wales	Manufacture of precision machined components
Nasmyth West Middlesex Limited	1	England & Wales	Surface treatments
Professional Welding Services Limited *	1	England & Wales	Dormant
West Middlesex Plating Company Limited *	1	England & Wales	Dormant
Subsidiaries of the company own 100% of the Ordinary shares of the following entities			
Excel Calibration & Test Limited *	1	England & Wales	Dormant
L.M.D. Process Limited *	1	England & Wales	Dormant
Nasmyth Aerospace Holdings, Inc	1	USA	Holding company
Nasmyth Holdings, Inc.	1	USA	Holding company
Nasmyth India Pvt. Limited	2	India	
Nasmyth Industrial Holdings, Inc.	1	USA	Holding company
Nasmyth Precision Products, Inc	1	USA	
Nasmyth TMF, Inc	1	USA	Surface Treatments
Swift & Wass Limited *	1	England & Wales	Dormant

1 – Registered office is Nasmyth House Coventry Road Coventry CV7 9FT

2 – Registered office is 62/1 Palace Road, Vasanthnagar, Bengaluru, Bangalore, KA560052, India.

* - These subsidiaries are included in the consolidated financial statements, and are entitled to, and have opted to take, exemption from the requirement for their individual accounts to be audited under S479A of the Companies Act 2006 relating to subsidiary companies

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

17. STOCKS

	2021 £'000	2020 £'000
Raw materials and consumables	2,736	1,862
Work-in-progress	5,106	9,237
Finished goods	2,855	2,788
	10,697	13,887

Company

The company does not hold any stock.

18. DEBTORS

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year:				
Trade debtors	11,693	19,285	-	-
Amounts owed by Group undertakings	-	-	1,946	4,358
Other debtors	37	135	32	-
Tax debtor	981	-	-	-
Deferred consideration	300	450	-	-
Deferred tax asset	-	-	12	-
Amounts recoverable on contracts	291	2,081	-	-
Prepayments	1,758	1,530	823	481
	15,060	23,481	2,813	4,839
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	-	-	36,488	35,573
	15,060	23,481	39,301	40,412

Amounts owed by Group undertakings - Interest is charged at a fixed rate of 5% per annum, which is in line with the market rate of interest.

Deferred consideration of £300,000 (2020: £450,000) relates to the sale of Metal Processing Systems Limited in 2018. £150,000 of the deferred consideration is payable within one year and the balance after more than one year in equal instalments.

The trade debtors are part of the secured gross collateral of the Wells Fargo facility as detailed in note 20.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank Loans and overdrafts (see note 21)	1,401	1,191	417	833
Finance leases (see note 22)	1,989	1,616	11	10
Trade creditors	6,089	11,475	234	156
Amounts owed to Group undertakings	-	-	11,060	14,688
Taxation	-	458	205	218
Social security and other taxes	4,576	2,091	173	223
Other creditors	1,419	1,642	278	86
Accruals and deferred income	3,801	3,767	746	365
	19,275	22,240	13,124	16,579

In line with the terms of the financing facility provided by Wells Fargo Capital (UK) Limited to the Group, the debt, which is secured on the assets of the Group, is not repayable on demand and is therefore classified as greater than one year (Note 20).

Finance lease liabilities are secured against the assets to which they relate.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank Loans and overdrafts (see note 21)	12,687	17,473	350	417
Finance leases (see note 22)	2,779	3,226	20	24
Amounts owed to Group undertakings	-	-	1,518	-
Other creditors	144	-	137	-
Accruals & deferred income	141	145	-	-
	15,751	20,844	2,025	441

Finance lease liabilities are secured against the assets to which they relate.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

21. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank Loans				
Amounts falling due within one year	1,401	1,191	417	833
Amounts falling due between two and five years	12,687	17,473	350	417
	<u>14,088</u>	<u>18,664</u>	<u>767</u>	<u>1,250</u>

The Group has a financing facility in place with Wells Fargo Capital (UK) Limited. The facility is secured based upon the gross collateral of the Group receivables, plant and equipment and property of the Group and has a fixed charge over such assets. The facility is not repayable on demand and is repayable at the end of the current term facility agreement date. During the year, the interest rate applied was LIBOR plus a margin ranging between 1.75% and 3.5%. The facility elements are detailed below.

Terms and debt repayment schedule

Group	Nominal interest rate	Year of Maturity	Repayment schedule	2021	2020
				£'000	£'000
Revolving credit facility	LIBOR + 3.0%	Revolving	Monthly	9,128	15,298
Equipment loan	LIBOR + 3.0%	2022	Monthly	1,709	662
Property loan	LIBOR + 3.0%	2022	Monthly	2,606	1,454
Cashflow loan	LIBOR + 3.50%	2022	Monthly	417	1,250
CLBIL	BOE BR + 2.25%	2022	December 2022	350	-
Company	Nominal interest rate	Year of Maturity	Repayment schedule	2021	2020
				£'000	£'000
Cashflow loan	LIBOR + 3.50%	2021	Monthly	417	1,250
CLBIL	BOE BR + 2.25%	2022	August 2022	350	-

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

22. LEASING AGREEMENTS

Minimum lease payments fall due as follows

Finance leases	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Net obligations repayable:				
Within one year	1,989	1,616	11	10
Between one and five years	2,779	3,226	20	24
	4,768	4,842	31	34
Non-cancellable operating leases				
Within one year	836	971	10	10
Between one and five years	883	823	21	21
In more than five years	202	982	-	-
	1,921	2,776	31	31

The Group has provided guarantees for the net obligations under hire purchase contracts of its subsidiaries which at the yearend amounted to £4,768,000 (2020: £5,092,000)

The finance leases are provided by a number of lenders under the Group facility with an average interest rate of approximately 6.00% and a maturity of up to 60 months. Payments are made monthly.

23. PROVISION FOR LIABILITIES

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Deferred taxation	587	415	-	10
Other provisions	112	212	-	-
Aggregate amounts	699	627	-	10

All the deferred tax balance arises from timing differences between depreciation and capital allowances.

	Deferred tax £'000	Other provisions £'000	Deferred tax £'000	Other provisions £'000
Balance at 1 February 2020	415	212	10	-
Origination of temporary differences	131	-	-	-
Adjustment in respect of prior periods	41	(100)	(10)	-
Balance at 31 January 2021	587	112	-	-

Other provisions relate to provision for the lease dilapidations for obligations taken on by the Group in the acquisition of Nasmyth IEC Limited. The provision made on the acquisition of GEB Surface Treatments Limited was no longer required and has been released as at 31 January 2021.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

24. DERIVATIVE FINANCIAL INSTRUMENTS – FORWARD CONTRACTS

The Group manages FX risk and has entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 January 2021, the outstanding contracts all mature within 8 months (2020: 12 months) of the year end. The Group is committed to sell US\$1,600,000 (2020: US\$1,200,000) and receive a fixed sterling amount £1,200,000 (2020: £908,000).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP: USD. The fair value of the forward-foreign currency contracts is £1,168,000 (2020: £911,000). The gain recognised in respect of the derivatives is £32,000 (2020: loss of £3,000).

25. POST BALANCE SHEET EVENTS

On the 21 February 2022, Rcapital acquired a majority stake in Nasmyth Group Limited. Rcapital is a private investment organisation specialising in the provision of growth capital to UK and international mid-market enterprises. As part of this investment a new holding company called Lettbell Limited has been formed which will be beneficially owned by the current directors of the Group together with certain partners and funds of Rcapital. The directors are looking forward to working with our new equity partners to deliver the next chapter of our growth story.

On 21 February 2022 the company also entered into new long term debt facilities with Secure Trust Bank plc and JCP 5 Ltd, a fund under the management of Rcapital. Secure Trust Bank plc refinanced Wells Fargo CID Facility (Confidential Invoice Discounting) and also provided an additional loan of £4.5m. JCP 5 Ltd have also provided the Group with a £15m new loan facility. These additional facilities were used to repay all existing loan facilities to both Wells Fargo and were also used to repay the Barclays CLBIL.

26. CALLED UP SHARE CAPITAL

					2021	2020
					£'000	£'000
Allotted, called up and fully paid						
480,000	Ordinary A shares of	25p	Each	120	120	
72,504	Ordinary B shares of	25p	Each	18	18	
37,750	Ordinary C1 shares of	25p	Each	9	9	
34,120	Ordinary C2 shares of	25p	Each	9	9	
100	Ordinary D shares of	100p	Each	-	-	
					156	156

The Ordinary A, B, C, and D shares are attributed rights in accordance with the company's articles of association adopted 9 June 2014.

NASMYTH GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JANUARY 2021

27. RESERVES

Group	Retained earnings £'000	Share premium £'000	Translation reserve £'000	Total £'000
At 1 February 2020	21,712	72	(284)	21,500
Profit for the year	(4,888)	-	-	(4,888)
Dividends	(260)	-	-	(260)
Other movement for the year	-	-	404	404
Balance at 31 January 2021	16,564	72	120	16,756
Company	£'000	£'000	£'000	£'000
Balance at 1 February 2020	30,776	72	-	30,848
Profit for the year	261	-	-	261
Dividends	(260)	-	-	(260)
Other movement for the year	-	-	-	-
Balance at 31 January 2021	30,777	72	-	30,849

28. PENSION COMMITMENTS

Group

The Group operates a defined contribution pension. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £793,000 (2020: £806,000).

There were outstanding contributions of £130,000 (2020: £137,000) at the end of the financial year. These are included in creditors and have been settled since the year end.

Company

The company operates a defined contribution pension. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £22,000 (2020: £27,000).

There were outstanding contributions of £5,000 (2020: £10,000) at the end of the financial year. These are included in creditors and have been settled since the year end.

29. CONTINGENCIES AND COMMITMENTS

Capital commitments

At the year end, the Group had capital commitments contracted but not provided for in these financial statements of £Nil (2020: £Nil).

Guarantees

The company has given cross guarantees in respect of bank loans and overdrafts of the Group companies, amounting to £14,088,000 (2020: £18,664,000), which are secured by a fixed and floating charge over the assets of the Group.

30. ULTIMATE CONTROLLING PARTY

At the year end the ultimate controlling party was Mr P. Smith, by virtue of his shareholding.