

Company Registration No. 08012215 (England and Wales)

WILLIAMS ADVANCED ENGINEERING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

WILLIAMS ADVANCED ENGINEERING LIMITED

COMPANY INFORMATION

Directors M Joseph
E Lazarus
Z Freud
N Armstrong
C Wilson
M Savage (Appointed 5 October 2020)
D Fultz (Appointed 5 October 2020)

Company number 08012215

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WILLIAMS ADVANCED ENGINEERING LIMITED

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WILLIAMS ADVANCED ENGINEERING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Strategy

On 1 January 2017, the Company commenced trading when its then immediate parent, Williams Grand Prix Engineering Limited (WGPE Ltd), transferred the Williams Advanced Engineering (WAE) business to the Company. On 31 December 2019, the Company was sold to Joule Bidco Limited, the ultimate controlling party of which is EMK Capital by virtue of their majority investment in Joule Jersey Topco, the ultimate parent company of Joule Bidco Limited.

The strategic objective for WAE is to continue building a successful, innovative, robust and profitable business. The Company undertakes high performance electrification engineering projects for a variety of different customers in its core sectors of automotive and motorsport, and increasingly in adjacent markets, including mining, off-highway and eVTOL, where the demand for its world class capabilities is accelerating. Alongside engineering projects, the Company continues to develop its products business and commercialise its IP and technology.

There is a growing and accelerating demand for the Company's core capabilities in high performance electrification and light-weighting, driven by increasing customer demands and decarbonisation targets and legislative changes by governments around the world.

Covid-19 Pandemic

Like the vast majority of companies, WAE was adversely affected during 2020 by the Covid-19 pandemic. WAE successfully and proactively adapted its working practices, with the majority of staff working from home for extended periods of time. Given the nature of the Company's activities, some staff needed to maintain presence onsite where possible, and Covid-compliant measures were introduced and enhanced to ensure the safety of all staff and business operations.

WAE was proud to be involved in the UK Ventilator Challenge to support the NHS during the early stages of the pandemic. Resources were diverted to the project and peaked at around 50 staff. The design work was conducted remotely, and prototype builds were constructed onsite.

While WAE's workforce demonstrated its remarkable resilience during the pandemic and the majority of projects continued with little or no interruption, there were unplanned increased costs associated with business operation and delivery.

WAE took prudent actions to reduce costs and conserve cash during the pandemic and these have continued into 2021. These actions were supplemented by the use of various Government support schemes where appropriate.

Despite harsh lockdown conditions, significant new business was won, including the announcement of WAE being awarded the exclusive contract to supply the Gen3 battery system of the ABB FIA Formula E World Championship. In 2020, the Foresight Williams EIS and VCT funds continued to attract investment inflows and make investments in an increasingly diverse and exciting portfolio of investee companies.

Although WAE was impacted by Covid-19 in 2020, the growing demand for high performance electrification design & development services and technologies has since accelerated. WAE continues to attract and win significant new business and is in a robust position to deliver on its growing portfolio of over 60 projects for more than 40 customers across the world, alongside continuing to invest in its own technology and IP for future commercialisation.

WILLIAMS ADVANCED ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Performance

The Company registered a loss of £14.6m for the year. The financial performance was directly affected by the Covid-19 pandemic. This resulted in provisions being taken in the 2020 accounts.

The majority of WAE's project portfolio was largely uninterrupted by Covid-19 as new ways of working were adopted by employees and suppliers. The financial performance of each project continues to be monitored and reviewed regularly by management and the underlying profitability and cash generation of the Company is still maintained.

The Company already had a healthy culture of cost control and cash management, and inevitably given the circumstances this was called upon heavily during 2020. Resources and cash are carefully deployed on projects across the Company to ensure customer requirements are delivered in a quality and timely way. In parallel, opportunities are taken to deploy resources where possible to lay the foundations for WAE's future, including investment in 2020 in relation to the WAE own IP and products business. The Company has maintained its competitive position by concentrating on maximising the return on assets, controlling costs and prioritising its expenditure.

Income

The Company derives revenue from a number of sources although due to the ongoing impact of Covid-19 the revenue generated from these have been immaterial to the company for both the 2019 and 2020 years and so have not been disclosed separately within Note 3. These include the delivery of engineering consultancy projects, low-volume manufacturing of bespoke products, and some royalty income. The Company employs a highly talented workforce with skills in various areas such as battery technology, design engineering, aerodynamics and composites.

In engineering consulting projects, income is derived by matching demand from customers with the skills of the workforce. Skilled programme managers control resources deployed to projects and management is responsible for ensuring that overall Company resource levels are sufficient to deliver against projects. The Company is also involved in some projects which are supported by UK Government funding, such as the Advanced Propulsion Centre (APC) in the UK.

For low-volume manufacturing, the Company uses its expertise in supply chain management and manufacturing engineering to ensure that customers' products are built to schedule and to the exacting standards that they require.

Royalty income is a relatively small part of the Company's overall income and is an area that is kept under review for further opportunities.

Expenditure

The management of costs and the efficient deployment of resources is a consistently high priority throughout the Company. This is vital to ensure that customer projects are delivered within budget and profitably.

Decisions on where to focus investment are based on a comprehensive review of the expected benefits. This incorporates financial and non-financial measures depending on the investment that is under consideration.

People related costs are a significant item in the Company's cost base. Staff have access to a competitive benefits package and there is a strong focus on employee health and wellbeing. Investment in people is made through apprenticeship schemes and through work-based coaching and development.

Costs to procure materials for engineering consultancy projects and low-volume manufacturing make up the other sizeable portion of costs. Levels of inventory held are reviewed regularly.

WILLIAMS ADVANCED ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Business Model and Sustainability

The Company operates a business-to-business model, attracting customers from various sectors and meeting or exceeding their demands for timely execution of technically innovative projects. The Formula One-derived culture combined with the various technical capabilities enables the Company to take on and deliver challenging projects that often involve both ambitious timeframes and pioneering technical solutions.

The Company is housed in dedicated and purpose-built facilities, combined with access to the production and testing facilities of the Williams Formula One team. This allows the Company to offer a wide range of services during the lifecycle of a typical customer project.

The Company believes that there is sustained and increasing demand for its services, which is evidenced by its increasing order book, across all end markets. The past year has seen governments around the world announce increasingly ambitious decarbonisation and climate protection legislation. Together with the demands of well-informed end consumers, the Company believes this will continue to support growth for its high performance electrification and light-weighting knowledge and technologies.

Cash and working capital

The Company pays close attention to its cashflows. Income and expenditure on projects are not always linear, and careful monitoring of working capital is therefore essential, while meeting supplier payment obligations. Where necessary, mitigation plans are put in place to ensure the cash health of the business is kept in check, for instance by carefully timing expenditure on capital equipment.

The Company used various Government support initiatives during 2020 to assist with its cash management efforts. These included VAT and PAYE payment deferral schemes, the Coronavirus Job Retention Scheme and also the Coronavirus Large Business Interruption Loan Scheme.

WILLIAMS ADVANCED ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Identification and Management of Risks

The Board considers that it is important to identify key risks and put in place appropriate internal controls. The Board provides strategic direction on risk-related decision making to ensure that the appropriate policies are adopted within the Company and is responsible for ensuring that risks are appropriately identified and managed by senior management and that appropriate controls are in place and operating effectively.

Senior managers have responsibility for identifying and evaluating risks relating to their areas of responsibility. They are also responsible for implementing and monitoring effective controls to manage these risks. Where necessary they will bring in expertise from outside the Company to ensure matters are addressed appropriately.

The key risks to the Company continue to be revenue generation, expenditure control, cash management and the recruitment, retention and development of talented people.

Revenue from WAE activities is derived from the provision of services in a competitive market with fast moving technology.

The costs of WAE arise from research, development, materials and production activity. Revenues are monitored against contracts agreed with customers. Revenues and costs are compared to budgets and forecasts.

The Company is exposed to translation and transaction exchange risk, liquidity risk, and credit risk. The Company adopts appropriate measures to mitigate these risks. Translation and transaction exchange risk can be mitigated through currency matching. Liquidity risk is mitigated through management's close involvement in business decisions in order to ensure sufficient liquidity is maintained. Credit risk is mitigated through assessing the credit quality of each commercial partner.

The Board is continuing to monitor the impact of the UK leaving the European Union ('Brexit'). The Company is headquartered in the UK and the vast majority of revenue is derived through the supply of services to both UK and international customers. WAE makes many purchases that originate from suppliers who are based in the European Union. There have been no material impacts relating to Brexit on the ability of the Company to continue to deliver its short-term objectives and operate its strategy.

The recruitment, retention and development of talented people is important for the Company's success. Management designs reward schemes to be competitive and puts in place training and development plans to help retain talented people.

These risks will continue to be monitored by the Company in 2021 and beyond. Mechanisms include regular financial and operational reviews and the thorough evaluation of budgets and forecasts.

Energy and Carbon reporting

The Company's emissions and energy use data from its UK operations for the year ended 31 December 2020 is shown in the table below:

Electricity and gas consumption used to calculate emissions:	933,702 kWh
Emissions from purchased electricity and gas	212 tCO ₂
Total gross CO ₂ e of above	212 tCO ₂
Intensity ratio: tonnes of CO ₂ e per total £million of sales revenue	4.978 tCO ₂ /£million
Methodology	Actual Consumption

The company strives to continually increase its energy efficiency and this will be delivered by a detailed plan that has been constructed by the directors to monitor and manage future emissions.

WILLIAMS ADVANCED ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going Concern

The Company's loss for the period was £14.6 million (2019: profit for the period of £221k). As at 31 December 2020 the Company had net assets of £11.2 million (2019: net assets of £25.7 million) and net current assets of £8.4 million (2019: net current assets of £17.6 million). The financial statements have been prepared on the going concern basis which the Directors consider appropriate for the reasons set out below.

The Directors believe that the Company is in a strong position to continue to deliver innovative engineering solutions to a diverse range of customers in various industries. Revenue from WAE had grown significantly up to and including 2019. 2020 was a difficult year for the economy due to Covid-19 and WAE was proactive in its response, continuing to operate throughout, where possible, and ensure the welfare of its staff and customers through implementing Covid safe procedures. Additional costs associated with Covid-19 as well as the restructuring of the business following its sale to EMK Capital led to a significant loss in 2020. The Directors believe these circumstances are one off in nature and the business heads into 2021 and beyond with a record confirmed order book and new customers in all end markets.

The Directors have prepared detailed cash flow forecasts for a period of 18 months from the date of approval of these financial statements. These indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period, even in a severe but plausible downside scenario.

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

WILLIAMS ADVANCED ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Section 172 statement

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 a director to have regard, amongst other matters, to the:

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

The directors also take into account the views and interests of a wider set of stakeholders when making decisions. During the year the company received information to enable them to consider the impact of the company's decisions on its key stakeholders. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial key performance indicators, risk, environmental, social and corporate governance matters, and the outcomes of specific pieces of engagement. As a result of this, the company has had an overview of engagement with stakeholders and other relevant factors which allows it to understand the nature of the stakeholders' concerns and to comply with its section 172 duty to promote success of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and relationships with employees, customers and suppliers. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

The company delegates authority for day-to-day management of the company to executives and then engage management in setting, approving and overseeing the execution of the business strategy and related policies. The company delegates to executive management to review the company's financial and operational performance, risk and compliance, and health and safety matters.

Some of the engagement that has taken place with the company's stakeholders during the year are:

- the impact of the Covid-19 has been widespread, and we have considered all our stakeholders, and have consulted with them as the business continues to trade during the pandemic. We reviewed all relevant official guidance to ensure that our COVID-19 response was aligned with official expectations and established open dialogue with government and Public Health England, as well as other stakeholders.
- as a board of directors, we provide clear information to our shareholders on a timely basis, being honest and transparent as to the performance of the business.
- we engaged with planning authorities, councils, third party investors and our local communities to ensure individual companies within the group, as well as meeting legal and ethical standards, have active relationships with our local communities, and have a positive effect on those communities.

On behalf of the board

C Wilson
Director
16 July 2021

WILLIAMS ADVANCED ENGINEERING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activities of the company are supply of advanced engineering products and services to third parties.

Directors

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

D Lafferty	(Resigned 25 September 2020)
M O'Driscoll	(Resigned 5 October 2020)
M Joseph	
E Lazarus	
Z Freud	
N Armstrong	
C Wilson	
M Savage	(Appointed 5 October 2020)
D Fultz	(Appointed 5 October 2020)

Results

The results for the year are set out on page 14.

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

Political donations

The company made no political contributions in the year (2019 - £nil).

Disabled persons

It is the company's policy to offer equal opportunities to all persons, including disabled persons, applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply.

Employee involvement

The company's policy is to consult and discuss with employees through meetings on matters likely to affect employees' interests.

Information on matters of concern to employees is given through a staff forum, an intranet site, team briefings and internal publications which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the Energy and Carbon reporting requirements.

WILLIAMS ADVANCED ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

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 himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

C Wilson
Director

16 July 2021

WILLIAMS ADVANCED ENGINEERING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLIAMS ADVANCED ENGINEERING LIMITED

Opinion

We have audited the financial statements of Williams Advanced Engineering Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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 company 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 company or to cease its operations, and as they have concluded that 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 its 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 company's business model and analysed how those risks might affect the 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 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 company will continue in operation.

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, the audit committee, and finance team and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

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

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, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that long term contract revenue is recorded in the wrong period and the risk that Company management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as percentage of completion assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the design and implementation of some of the Company-wide fraud risk management controls.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

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 other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management 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 Company 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, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company 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, and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management 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.

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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.

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

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.

Date: 20 July 2021

Cerys Doughty (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants
Statutory Auditor
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

WILLIAMS ADVANCED ENGINEERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	42,581	63,654
Cost of sales		(46,341)	(52,320)
Gross (loss)/profit		(3,760)	11,334
Administrative expenses		(13,091)	(13,920)
Other operating income		3,112	2,807
Operating (loss)/profit	4	(13,739)	221
Interest payable and similar expenses	8	(334)	-
(Loss)/profit before taxation		(14,073)	221
Tax on (loss)/profit	9	(501)	-
(Loss)/profit for the financial year		(14,574)	221

The income statement has been prepared on the basis that all operations are continuing operations.
The notes on pages 17 to 31 form an integral part of these financial statements.

WILLIAMS ADVANCED ENGINEERING LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Fixed assets					
Intangible assets	10		98		186
Tangible assets	11		1,420		2,126
Long term prepayment	14		5,603		5,809
			<u>7,121</u>		<u>8,121</u>
Current assets					
Stocks	13	8,372		5,714	
Debtors falling due within one year	14	31,237		26,345	
Cash at bank and in hand		-		8,646	
		<u>39,609</u>		<u>40,705</u>	
Creditors: amounts falling due within one year	15	<u>(31,182)</u>		<u>(23,079)</u>	
Net current assets			<u>8,427</u>		<u>17,626</u>
Total assets less current liabilities			<u>15,548</u>		<u>25,747</u>
Creditors: amounts falling due after more than one year	16		<u>(4,375)</u>		<u>-</u>
Net assets			<u>11,173</u>		<u>25,747</u>
Capital and reserves					
Called up share capital	20		20,143		20,143
Other reserves	21		6,226		6,226
Profit and loss reserves	21		(15,196)		(622)
Total equity			<u>11,173</u>		<u>25,747</u>

The notes on pages 17 to 31 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 16 July 2021 and are signed on its behalf by:

C Wilson
Director

Company Registration No. 08012215

WILLIAMS ADVANCED ENGINEERING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Other reserves	Profit and loss reserves	Total
Notes	£'000	£'000	£'000	£'000
Balance at 1 January 2019	-	-	(843)	(843)
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	221	221
Issue of share capital	20 20,143	-	-	20,143
Capital contribution	-	6,226	-	6,226
Balance at 31 December 2019	20,143	6,226	(622)	25,747
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(14,574)	(14,574)
Balance at 31 December 2020	20,143	6,226	(15,196)	11,173

The notes on pages 17 to 31 form an integral part of these financial statements.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Williams Advanced Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Grove, Wantage, Oxon, OX12 0DQ.

The company provides technical innovation, engineering, testing and manufacturing services to a diverse customer base. These results arise from a single class of operations.

1.1 Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Joule Jersey Topco Limited, a company registered in Jersey. These consolidated financial statements are available from its registered office.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Until 31 December 2019, the company was a wholly owned subsidiary of Williams Grand Prix Holdings PLC, a company incorporated in England and Wales (registration number 07475805). Following this date the company became a wholly owned subsidiary of Joule Bidco Limited, a company incorporated in England and Wales (registration number 12363611). Full details of the ownership of the company can be found in note 24 to these accounts.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

The Company's loss for the period was £14.6 million (2019: profit for the period of £221k). As at 31 December 2020 the Company had net assets of £11.2 million (2019: net assets of £25.7 million) and net current assets of £8.4 million (2019: net current assets of £17.6 million). The financial statements have been prepared on the going concern basis which the Directors consider appropriate for the reasons set out below.

The Directors believe that the Company is in a strong position to continue to deliver innovative engineering solutions to a diverse range of customers in various industries. Revenue from the operation of the WAE business had grown significantly up to and including 2019. 2020 was a difficult year for the economy with Covid 19 and WAE reacted well to the circumstances continuing to operate throughout and ensuring the welfare of its staff and customers through implementing Covid safe procedures. The loss of two key contracts in 2020 as well as the restructuring of the business following its sale to EMK Capital led to a significant loss in 2020. The Directors believe these circumstances are one off in nature and the business heads into 2021 and beyond with a strong, confirmed order book and a new partner in EMK Capital to continue its growth from 2019.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period, through its banking facilities, which includes an uncommitted overdraft facility of £5m repayable on demand and a Coronavirus Large Business Interruption Loan Scheme (CLBILS) of £5m repayable commencing December 2021 in quarterly instalments (Note 17). The total available CLBILS facility of £7m was fully drawn down on post year end. The overdraft facility expires in June 2022 however the Directors have no reason to believe the facility would not be renewed as is typical for facilities of this nature.

The base case forecast indicates that the Company is able to meet its liabilities as they fall due, including fulfilling its financing commitments, however, it is expected that the overdraft facility will be utilised during the initial stages of the forecast period. Key assumptions include the business relying primarily on contracted revenue for 2021 however with an element of uncontracted revenue within the 2022 forecast, as is usual for a business of this type. Contracted revenue assumptions include invoicing profiles agreed with major customers during 2021 and 2022. A significant portion of uncontracted revenue is at an advanced stage of discussion with specific customers.

The base case forecast has then been sensitised for a severe but plausible downside which assumes delayed cash receipts, a reduction in uncontracted revenue and delayed receipt of R&D tax credit as well as the impact of further potential Covid-19 restrictions in late 2021 and 2022 including lockdowns. Even under this severe but plausible downside scenario the Company is still able to fulfil its obligations as they fall due through the utilisation of the overdraft facility and full draw down of the CLBILS loan.

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

1.3 Turnover

The company principally earns revenue through engineering services. Engineering service revenue is related to long term contracts which may have fixed pricing and multiple deliverables.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Assets classified as plant, pit and motor vehicles and computer hardware are presented as plant and machinery assets in the notes to the accounts. A nil depreciation rate is provided in respect of freehold land. No depreciation is charged during the period of construction. Assets in the course of construction are stated at cost and are not depreciated until they are available for use. Upon completion of construction, such assets will be transferred to appropriate asset categories and depreciated accordingly.

Plant	6 years straight line
Fixtures and fittings	6 year straight line
Computer hardware	3 years straight line
Pit and motor vehicles	3 years stright line

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

1.7 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Stocks are valued using the last in first out (LIFO) method.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on 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.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the period. The company does not operate any defined benefit retirement arrangements.

1.15 Leases

Rentals payable under operating leases are recognised as an expense on a straight line basis over the lease term.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.16 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading other operating income.

1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are recognised within the statement of comprehensive income.

1.18 Trade payables and receivables

Trade payables and trade receivables are not interest bearing and are payable or receivable within one year. They are recorded at their nominal value less any allowance for estimated irrecoverable amounts. Any losses arising from impairment are recognised in the income statement.

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see accounting policy at note 1.3) less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Revenue recognition for long term contracts

The company enters into long term contracts to deliver advanced engineering services to customers. These contracts may have a fixed price and extend across a significant period of time. Revenue from these contracts is recognised when the outcome of the contract can be estimated reliably and the relevant services have been performed. Performance is measured by reference to the costs that have been incurred to date as a percentage of the total expected costs for the contract. The revenue recognised could be impacted by future changes in delivery or contract costs that were not considered when the completion of the contract was assessed.

The key areas of judgement for revenue recognition surround determining whether variable consideration is to be included within the overall transaction price when looking at stage of completion. Significant judgement is also required to determine whether the contract states that performance obligations are met at a defined point in time or whether they are satisfied over a period of time. Where the latter applies, judgement is required to ensure that the appropriate method is used to calculate the revenue to be recognised.

3 Turnover and other revenue

	2020	2019
	£'000	£'000
Turnover analysed by class of business		
Construction contract revenue	42,581	63,654
	<u> </u>	<u> </u>

As at the balance sheet date, the company has amounts due from customers in relation to ongoing construction contracts amounting to £12.8m. These amounts are included within prepayments and accrued income.

As at the balance sheet date, the company has amounts due to customers in relation to ongoing construction contracts amounting to £10.1m. These amounts are included within accruals and deferred income.

4 Operating (loss)/profit

	2020	2019
	£'000	£'000
Operating (loss)/profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	108	23
Research and development costs	511	563
Depreciation of owned tangible fixed assets	886	458
Amortisation of intangible assets	177	220
Research and development expenditure credit	(2,561)	(2,570)
Government grants receivable	(1,831)	(3,012)
Operating lease charges	102	25
	<u> </u>	<u> </u>

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	97	81
For other services		
Other assurance services	21	14

6 Employees

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

	2020 Number	2019 Number
Administration and support	19	16
Research and development	269	248
Total	288	264

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	16,332	16,237
Social security costs	1,947	1,750
Pension costs	739	677
	19,018	18,664

The company operates a defined contribution pension scheme. The assets of the scheme are held separately to those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

7 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	432	315
Company pension contributions to defined contribution schemes	5	9
	437	324

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 2).

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Directors' remuneration

(Continued)

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 0 (2019 - 3).

This has decreased from 3 to nil this year because the directors for whom benefits were accruing remained with Williams Grand Prix Engineering Limited following the sale of Williams Advanced Engineering to Joule Bidco Limited on 31 December 2019.

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £'000	2019 £'000
Remuneration for qualifying services	432	150
Company pension contributions to defined contribution schemes	5	-
	<u>437</u>	<u>150</u>

8 Interest payable and similar expenses

	2020 £'000	2019 £'000
Other interest on financial liabilities	334	-
	<u>334</u>	<u>-</u>

9 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	501	-
	<u>501</u>	<u>-</u>

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

	2020 £'000	2019 £'000
(Loss)/profit before taxation	(14,073)	221
	<u>(14,073)</u>	<u>221</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(2,674)	42
Tax effect of expenses that are not deductible in determining taxable profit	180	(2)
Unutilised tax losses carried forward	2,544	-
Group relief	(49)	-
Permanent fixed asset differences	-	(60)
Adjustment in research and development tax credit	500	(114)
Unrelieved tax losses utilised	-	134
	<u>501</u>	<u>-</u>
Taxation charge for the year	501	-
	<u>501</u>	<u>-</u>

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation

(Continued)

A reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020 was substantially enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

10 Intangible fixed assets

	Software £'000
Cost	
At 1 January 2020	1,641
Additions - internally developed	89
	<hr/>
At 31 December 2020	1,730
	<hr/>
Amortisation and impairment	
At 1 January 2020	1,455
Amortisation charged for the year	177
	<hr/>
At 31 December 2020	1,632
	<hr/>
Carrying amount	
At 31 December 2020	98
	<hr/> <hr/>
At 31 December 2019	186
	<hr/> <hr/>

11 Tangible fixed assets

	Plant £'000	Fixtures and fittings £'000	Computer hardware £'000	Pit and motor vehicles £'000	Total £'000
Cost					
At 1 January 2020	3,355	414	784	18	4,571
Additions	101	28	39	12	180
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,456	442	823	30	4,751
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 1 January 2020	1,571	259	615	-	2,445
Depreciation charged in the year	711	50	115	10	886
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	2,282	309	730	10	3,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount					
At 31 December 2020	1,174	133	93	20	1,420
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2019	1,784	155	169	18	2,126
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Williams Technology Ventures Limited	England and Wales	Ordinary	100.00
Williams Advanced Engineering Technology Limited	England and Wales	Ordinary	100.00

The company owns 100% of the ordinary share capital of Williams Technology Ventures Limited ("WTV"), a company incorporated in England and Wales. The total share capital and reserves of WTV at 31 December 2020 were losses of £478,182 (2019 - £393,000) with a loss for the year to 31 December 2020 of £84,461 (2019 - £7,000).

The company also owns 100% of the ordinary share capital of Williams Advanced Engineering Technology Limited ("WAET"), a company incorporated in England and Wales on 18 July 2017. The total share capital and reserves of WAET at 31 December 2020 were £100 (2019 - £100) with a loss for the year to 31 December 2020 of £nil (2019 - £nil).

The registered office address for both of the company's subsidiaries is Grove, Wantage, Oxfordshire, OX12 0DQ.

The subsidiary undertakings listed above are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act and this company has guaranteed the subsidiary company under Section 479C of the Act.

13 Stocks

	2020 £'000	2019 £'000
Stock and work in progress	8,372	5,714

14 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	7,924	9,127
Amounts owed by group undertakings	577	-
Other debtors	1,448	608
Prepayments and accrued income	21,288	16,610
	<u>31,237</u>	<u>26,345</u>

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Debtors (Continued)

	2020 £'000	2019 £'000
Amounts falling due after more than one year:		
Prepayments and accrued income	5,603	5,809
	<u>5,603</u>	<u>5,809</u>
Total debtors	<u>36,840</u>	<u>32,154</u>

Prepayment relates to £5,603,130 (2019- £5,809,210) of prepaid rent which is being amortised over a 20 year period.

15 Creditors: amounts falling due within one year

	Notes	2020 £'000	2019 £'000
Bank loans and overdrafts	17	2,193	-
Amounts owed to group undertakings	17	1,849	4,087
Trade creditors		4,285	1,238
Taxation and social security		997	622
Other creditors		11,621	9,414
Accruals and deferred income		10,237	7,718
		<u>31,182</u>	<u>23,079</u>

16 Creditors: amounts falling due after more than one year

	Notes	2020 £'000	2019 £'000
Bank loans and overdrafts	17	4,375	-
		<u>4,375</u>	<u>-</u>

17 Loans and overdrafts

	2020 £'000	2019 £'000
Bank loans	5,000	-
Bank overdrafts	1,568	-
Loans from related parties	1,849	4,087
	<u>8,417</u>	<u>4,087</u>
Payable within one year	4,042	4,087
Payable after one year	4,375	-
	<u>4,375</u>	<u>-</u>

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

18 Deferred taxation

There were no deferred tax movements in the year.

Deferred tax assets have not been recognised in respect of unutilised tax losses of £13.4 million (2019: £nil million) and temporary differences of £2.4 million (2019: £1.1 million) as it is not probable that there will be sufficient future taxable profits available against which the Group can use the benefits therefrom.

19 Retirement benefit schemes

	2020	2019
	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	739	677

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

20 Share capital

	2020	2019
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
20,142,938 ordinary shares of £1 each	20,143	20,143

20,142,938 ordinary shares were issued to the new parent Joule Bidco Limited on 31 December 2019.

There is a single class of ordinary shares which carry no right to fixed income.

21 Reserves

Capital contribution

On 31 December 2019, a capital contribution was made by the new immediate parent company, Joule Bidco Limited, representing a rental prepayment over a 20 year term.

22 Financial commitments, guarantees and contingent liabilities

The company had no contingent liabilities as at 31 December 2020 or as at 31 December 2019.

Amounts contracted for but not provided in the financial statements amounted to £nil (2019 - £77,000).

23 Operating lease commitments

Lessee

At the reporting end date the company had no outstanding commitments for future minimum lease payments under non-cancellable operating leases because the company has prepaid rent for 20 years.

WILLIAMS ADVANCED ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

24 Events after the reporting date

There have been no applicable events after the reporting date which require disclosure.

25 Related party transactions

The company has taken advantage of the disclosure exemptions set out in section 33.1A of FRS102 disclosure is not given in these financial statements of transactions entered into between two or more members of the group, provided that any subsidiary which is party to the transaction is wholly owned.

WAE has a number of agreements in place with Williams Grand Prix Engineering to receive property rental and technical and support services from that company. These agreements vary from transitional agreements lasting only a few months to long terms agreements with an open ended timeframe. Areas covered by the agreements are principally IT and engineering and component manufacturing services. These services have been provided on an arm's length basis.

26 Parent company

The immediate parent undertaking of the company for the year to 31 December 2019 was Williams Grand Prix Engineering Limited, a company incorporated in England and Wales (company registration number 01297497).

The largest and smallest group of undertakings for which group accounts have previously been drawn up is that headed by Williams Grand Prix Holdings PLC (company registration number 07475805). These group accounts are available from the ultimate parent undertaking at Williams Grand Prix Holdings PLC, Grove, Wantage, Oxfordshire, OX12 0DQ.

During the previous year, Sir Frank Williams was the company's controlling related party by virtue of his 52.25% beneficial interest in the ordinary share capital of Williams Grand Prix Holdings PLC.

On 31 December 2019, the company was sold to Joule Bidco Limited, a company incorporated in England and Wales. (company registration number 12363611). The ultimate controlling party is EMK Capital by virtue of their significant majority investment in Joule Jersey Topco Limited, the parent company of Joule Bidco Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.