

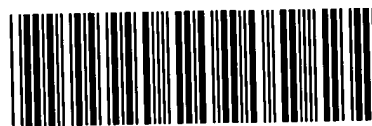
Company registered number: 10648520

# **FABLINK GROUP HOLDINGS LIMITED**

## **Annual Report and Financial Statements**

**For the year ended 31 March 2022**

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**FABLINK GROUP HOLDINGS LIMITED**  
**For the year ended 31 March 2022**

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**FABLINK GROUP HOLDINGS LIMITED**  
**For the year ended 31 March 2022**

**Company Information**

<b>Director</b>	R Westley
<b>Registered number</b>	10648520
<b>Registered office</b>	Unit 2 Quarry Road Brixworth NN6 9UB
<b>Independent auditor</b>	Cooper Parry Group Limited Cubo Birmingham Office 401 4th Floor Two Chamberlain Square B3 3AX
<b>Bankers</b>	HSBC Bank 62 George White Street Cabot Circus Bristol BS1 3BA
<b>Solicitors</b>	Harrison Clark Rickerbys Ellensborough House Wellington Street Cheltenham GL50 1YD

# **FABLINK GROUP HOLDINGS LIMITED**

## **For the year ended 31 March 2022**

### **Group Strategic Report**

The Director presents the Group's Strategic Report for the year ended 31 March 2022.

#### **Principal business activities**

The principal activity of the Group remains the supply of pressings, cabs, assemblies and new product development services to the off-highway, power generation, automotive and commercial vehicle market sectors.

The principal activity of the Company was that of a holding Company.

#### **Review of the business and results for the year**

A combination of a strong order book and increased input costs took Group revenue to a record level of £76.5m.

The effects of COVID-19 remained widespread across our facilities. High levels of COVID-19 related absenteeism as well as labour and raw material shortages and general supply chain challenges for most of our customers, affecting their continuity of build, has still been an issue in the year, as it was in the prior year. Once again, these effects have made for an extremely tough operational environment and trading conditions.

In addition, substantial increases in the cost of energy were felt, particularly in the second half of the year. This effect had a negative impact of around £1m on profit, in terms of unrecovered increases. I am pleased to say that moving forward for the current financial year, these extra costs have been reflected in revised sales prices across our product portfolio. This, in conjunction with a sensible approach to hedging of energy costs gives us and our customers protection from further significant increases.

Without doubt, the above effects combined to suppress margins and profit. Despite this, I am pleased to report a positive EBITDA performance for the year of £5.2m.

These results stand the Group in good stead as we continue to consolidate our position in our established markets whilst also broadening our process and product capabilities, supporting our strategy of targeting new markets. This is underpinned by continued significant investment in automation and technology supporting our core processes accordingly, a key aspect of our strategy as we strive for operational excellence across all our manufacturing sites.

At the time of writing, customer sentiment for 2022/23 remains positive with forecast revenue again sat at record levels. The business continues to be successful in winning major new contracts which will increase the dilution of our revenue streams across a broadened customer base.

#### **Principal risks and uncertainties**

The Group's principal financial instruments comprise a revolving credit facility, term loan, government backed RLS loan, invoice discounting facility, inter-group loans, leases and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, commodity price risk, foreign currency risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

# FABLINK GROUP HOLDINGS LIMITED

## For the year ended 31 March 2022

### Group Strategic Report (continued)

#### Principal risks and uncertainties (continued)

##### *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations which includes its revolving credit facility, term loan, government backed RLS loan, invoice discounting facilities, and leases. The Group's policy is to manage its interest cost using a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to utilise the undrawn proportion of funds on its invoice discounting arrangement for its cashflow needs. The Group finances specific large plant acquisitions via leases secured specifically on the assets being acquired.

##### *Commodity price risk*

The Group's exposure to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk. The Group also buys the majority of its steel through customer negotiated contracts with suppliers. This allows for selling prices to be changed in line with changes in steel prices, again reducing the risk.

##### *Foreign currency risk*

Sales to customers outside the United Kingdom are transacted in Sterling and movements in exchange rates do therefore not significantly affect the Group's profits.

##### *Liquidity risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a mix of shorter and longer term financing arrangements. The Director believes the Group has adequate financing facilities available for the foreseeable future.

#### Financial key performance indicators

During the period, the performance of the Group was monitored using key performance indicators which included revenue, profit before tax and earnings before interest, tax, depreciation and amortisation (EBITDA):

	2022	2021
(£'000s)		
Revenue	76,550	45,187
Profit/(loss) before tax	1,547	(1,111)
EBITDA	5,214	1,950

EBITDA reconciles to operating profit/(loss) as follows:

	2022	2021
(£'000s)		
Operating profit/(loss)	2,285	(444)
Depreciation charge for property, plant and equipment	567	633
Depreciation charge for right-of-use assets	2,362	1,761
EBITDA	5,214	1,950

# **FABLINK GROUP HOLDINGS LIMITED**

## **For the year ended 31 March 2022**

### **Group Strategic Report (continued)**

#### **Directors' section 172 (1) statement of compliance**

Under section 172 of the Companies Act, the director of the company has a duty to promote the success of the company for the benefit of the shareholders as a whole. This section of the report is designed to set out how the director has complied with his obligations in this regard.

The director of the company, acting in accordance with his duties under s172 of the Companies Act 2006, has acted in good faith and in a manner which he considers promotes the success of the Group for the benefit of its members as a whole, and in doing so has had regard to a range of matters when making decisions for the long term.

#### *Business relationships*

Having traded for over 15 years, the need to build strong long-standing relationships with both our customers and suppliers is paramount to the success of the group and its longevity. The Group engages with a variety of stakeholders, including customers, suppliers and appropriate trade bodies which assists in making balanced and appropriate decisions for the Group's strategy. The board considers stakeholder engagement as an important part of maintaining the Group's integrity and reputation.

#### *Our people*

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, shareholders, communities, and society as a whole. People are at the heart of delivering quality specialist services both internally and externally. For our business to continue to succeed we continually seek to improve our peoples' training and performance development, bringing through talent and ensuring we operate as efficiently as possible.

#### *Disabled employees*

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

#### *Diversity*

Our employment policies do not discriminate on the grounds of gender, colour, race, ethnicity, marital status, sexual orientation, religious beliefs or disability.

#### *Employee engagement*

Our workforce is our most valuable asset. The Group invests in their training using the latest available technology in order for them to carry out their work. The health, safety and wellbeing of our employees is one of the primary considerations in the way we conduct our business. The Group continuously engages with its employees and takes on board their recommendations when considering the future of the business.

#### *Community, charity and environment*

We support our staff in their charitable endeavours, encouraging them to get involved with organisations or events, alongside promoting their causes to our workforce to encourage sponsorship and awareness. As a business we also like to be proactive with fundraising and we support a variety of initiatives throughout the year.

#### *Culture and values*

The Group recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals the right and fair way, so we look after the best interests of our shareholders, customers, people, suppliers, and other stakeholders.

**FABLINK GROUP HOLDINGS LIMITED**  
**For the year ended 31 March 2022**

**Group Strategic Report (continued)**

**Directors' section 172 (1) statement of compliance (continued)**

*Shareholders*

Management are committed and openly engaged with shareholders through regular board meetings and effective dialogue. The shareholders and their representatives are actively engaged in understanding our strategy, culture, people and the performance of our shared objectives for the short, medium and longer terms.

*Payment of suppliers*

With respect to suppliers the Group policy for the payment of suppliers is to agree to terms of payment in advance in line with normal trade practices and, provided a supplier performs in accordance with the agreement, to abide by such terms.

**Political donations**

The Group does not make any donations to any political party or organisation.

Approved by the Director and signed on its behalf by:

DocuSigned by:  
*Richard Westley*  
DBAEEA38C1F1426...  
**R Westley**  
Director  
October 2022  
21 October 2022

## **FABLINK GROUP HOLDINGS LIMITED**

### **For the year ended 31 March 2022**

#### **Director's Report**

The director presents his report and the financial statements for the year ended 31 March 2022.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,219,000 (2021: loss £895,000).

A dividend of £150,000 was declared (2021: £Nil), of which £115,000 was paid during the year and £35,000 remained outstanding at the year end.

#### **Director**

The director who served during the year and up to the date of signing the financial statements was:

R Westley

#### **Going concern**

The Director has reviewed the financial position of the Group and believes that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The Director has considered relevant information, including the annual budget, forecast cash flows and the impact of the refinancing that was formally agreed in December 2021 and provides the Group with additional liquidity and long term security.

Monthly trading and cashflow forecasts for the period to 31 March 2024 were prepared to reflect a plausible downside scenario, taking into consideration the potential effects of economic uncertainty. The forecasts demonstrate that headroom on available facilities is significant and that all financial covenants are highly likely to be met throughout the period ending 31 March 2024.

Given the strong liquidity position and ongoing activity levels for the Group, the Director believes that the Group is well placed to manage its business risks successfully and will continue to have sufficient cash resources for the foreseeable future. Based on the above, the Director believes it remains appropriate to prepare the financial statements on a going concern basis.

#### **Post balance sheet events**

On August 3, 2022, it was announced that Fablink Group Holdings Limited ("Fablink") had entered into a Definitive Agreement to be acquired by EV Technology Group (NEO: EVTG) (OTCQB: EVTGF) (DE: B96A).

The transaction is valued at up to £38.8m with £29.5m to be paid in cash for 76% of Fablink and Fablink will have an option to sell the remaining 24% of Fablink for £9.3m in Common Shares of EV Technology Group.

This is a strategic acquisition for EV Technology Group which will bring engineering, supply chain, manufacturing and assembly expertise in-house, strengthening their commercial offering. Fablink is to retain its leadership team, employees, facilities and global customer base, with Fablink Group CEO Richard Westley to be appointed as EV Technology Group's Chief Operating Officer upon completion of the acquisition.

#### **Future developments**

The Director expects the activities as detailed in the Strategic Report to continue for the foreseeable future without material change.

## **FABLINK GROUP HOLDINGS LIMITED**

**For the year ended 31 March 2022**

### **Director's Report (continued)**

#### **Employee involvement**

The Group is committed to promoting policies to ensure that employees and those who seek to work for the Group are treated equally regardless of sex, marital status, age, creed, race or ethnic origin. The Group gives full and fair consideration to applications for employment received from people with disabilities, having regard for their particular aptitudes and abilities. The Group's policy is to provide equal opportunities to its entire staff on the basis of objective criteria and personal merit.

#### **Qualifying third party indemnity provisions**

The Group has provided qualifying third-party indemnity provisions in respect of the Director which were in force during the period and at the date of the report.

#### **Greenhouse gas emissions, energy consumption and energy efficiency action**

None of the company's UK subsidiaries are large companies and, therefore, are not obliged to report under the SECR regulations. Accordingly, the company has excluded the data from these companies from its report. The parent company consumes less than 40MWh of energy per year and is, therefore, exempt from providing full disclosure in this Directors' Report.

#### **Matters covered in the Strategic Report**

For a review of the business, details of financial risk objectives and policies and engagement with suppliers, customers and others, please refer to the Group Strategic Report.

#### **Director's Responsibilities Statement**

The Director is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the loss of the Company for that year.

In preparing the financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director is also 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 him to ensure that the financial statements comply with the Companies Act 2006.

**FABLINK GROUP HOLDINGS LIMITED**  
**For the year ended 31 March 2022**

**Director's Report (continued)**

**Disclosure of information to auditor**

The Director confirms that:

- so far as he is aware, there is no relevant audit information of which the Company and Group's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company and Group's auditor is aware of that information.

**Independent auditors**

The Company changed its auditor for the audit of the year ended 31 March 2022 to Cooper Parry Group Limited. The Director thanks Grant Thornton UK LLP for their role as auditor in the previous year. Cooper Parry Group Limited will be appointed as auditors for the next year.

**On behalf of the Board**

DocuSigned by:  
*Richard Westley*  
DBAEEA38C1F1426...  
**R Westley**  
Director  
October 2022  
21 October 2022

# **FABLINK GROUP HOLDINGS LIMITED**

## **For the year ended 31 March 2022**

### **Independent Auditor's Report to the Members of Fablink Group Holdings Limited**

#### **Qualified opinion**

We have audited the financial statements of Fablink Group Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the matter described in the basis for qualified opinion section of our report:

- 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 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for qualified opinion**

With respect to stock held by one of the Group's subsidiaries, Fablink UK Limited, who had a stock carrying value of £1,991,795 as at 31 March 2020, the audit evidence available to the predecessor auditor was limited because they did not observe the counting of the physical stock as at 31 March 2020, since management was unable to perform a physical stock count on that date due to government restrictions. Owing to the nature of the respective company's records, the predecessor auditor was unable to obtain sufficient and appropriate audit evidence regarding the stock quantities by using other audit procedures. Consequently, they were unable to determine whether any adjustment to this amount at 31 March 2020 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 March 2021, which is included in the comparative figures in this set of financial statements.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion. In addition, were any adjustment to the comparatives to be required, the strategic report and director's report would also need to be amended.

#### **Conclusions relating to going concern**

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

## **FABLINK GROUP HOLDINGS LIMITED**

### **For the year ended 31 March 2022**

#### **Independent Auditor's Report to the Members of Fablink Group Holdings Limited (continued)**

##### **Conclusions relating to going concern (continued)**

Our evaluation of the director's assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- reviewing management's cash flow forecasts for a period of 12 months from the date of approval of these financial statements;
- applying reasonable "worst case" sensitivities to management's forecasts and assessing remaining cash and covenant headroom within those scenarios; and
- reviewing results post year end to the date of approval of these financial statements and assessment against original budgets.

From our work we noted that forecasts support the directors' view that the Group will continue to be able to meet its liabilities as they fall due.

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

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

##### **Other information**

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

As described in the basis for qualified opinion section of our report, the predecessor auditors were unable to satisfy themselves concerning the inventory quantities of £1,991,975 held as at 31 March 2020. We have therefore concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

##### **Qualified opinion on other matters prescribed by the Companies Act 2006**

Except for the possible effects of the matter described in the basis for qualified section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the director's report have been prepared in accordance with applicable legal requirements.

## **FABLINK GROUP HOLDINGS LIMITED**

**For the year ended 31 March 2022**

### **Independent Auditor's Report to the Members of Fablink Group Holdings Limited (continued)**

#### **Matters on which we are required to report by exception**

Except for the matter described in the basis for qualified section of our report, in the light of our knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the director's report.

In respect solely to the issue described in the basis for qualified opinion section of our report:

- we have not obtained all the information and explanations that were considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; and
- certain disclosures of directors' remuneration specified by law are not made.

#### **Responsibilities of directors for the financial statements**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Group's and the 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 the directors either intend to liquidate the Group or the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

## **FABLINK GROUP HOLDINGS LIMITED**

**For the year ended 31 March 2022**

### **Independent Auditor's Report to the Members of Fablink Group Holdings Limited (continued)**

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

Our assessment focused on key laws and regulations the Group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and Regulations included but were not limited to compliance with the Companies Act 2006, International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group through discussions with directors and other management, and from our commercial knowledge and experience of the manufacturing sector;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- reviewed certain nominal codes based on risk assessments for indication of any management override.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and associated parties.

## **FABLINK GROUP HOLDINGS LIMITED**

**For the year ended 31 March 2022**

### **Independent Auditor's Report to the Members of Fablink Group Holdings Limited (continued)**

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

#### **Use of our report**

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



Paul Rowley (Senior Statutory Auditor)

for and on behalf of  
**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Office 301  
4th Floor  
Two Chamberlain Square  
Birmingham  
West Midlands  
B3 3AX

Date: 21 October 2022

## FABLINK GROUP HOLDINGS LIMITED

### Consolidated Statement of Comprehensive Income For the year ended 31 March 2022

(£'000s)	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Revenue	4	76,550	45,187
Cost of sales		<u>(66,271)</u>	<u>(42,069)</u>
<b>Gross profit</b>		10,279	3,118
Distribution costs		(1,923)	(1,332)
Administrative expenses		(6,001)	(5,067)
Impairment of financial assets		(77)	(22)
Other operating income	5	<u>7</u>	<u>2,859</u>
<b>Operating profit/(loss)</b>	5	2,285	(444)
Finance costs	8	<u>(738)</u>	<u>(667)</u>
<b>Profit/(loss) before taxation</b>		1,547	(1,111)
Income tax (expense)/credit	9	<u>(328)</u>	<u>216</u>
<b>Profit/(loss) for the financial year</b>		<u>1,219</u>	<u>(895)</u>
<b>Profit/(loss) for the year attributable to:</b>			
Equity holders of the parent		<u>1,219</u>	<u>(895)</u>
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
Equity holders of the parent		<u>1,219</u>	<u>(895)</u>

The notes on pages 18 to 48 form part of these financial statements.

There was no other comprehensive income for 2022 (2021: £Nil).

## FABLINK GROUP HOLDINGS LIMITED

### Consolidated Statement of Financial Position As at 31 March 2022

Company registered number: 10648520

(£'000s)	Notes	31 March 2022	31 March 2021	1 April 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	10	580	580	580
Property, plant and equipment	11	4,179	3,544	3,439
Right-of-use assets	12	9,410	10,727	10,679
Investments	13	75	75	-
Deferred tax assets	14	-	76	-
		<u>14,244</u>	<u>15,002</u>	<u>14,698</u>
<b>Current assets</b>				
Inventories	15	9,718	5,956	5,636
Trade and other receivables	16	16,817	12,325	10,003
Cash and cash equivalents	17	198	190	143
		<u>26,733</u>	<u>18,471</u>	<u>15,782</u>
<b>TOTAL ASSETS</b>		<u><b>40,977</b></u>	<u><b>33,473</b></u>	<u><b>30,480</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Issued capital	18	-	-	-
Capital contribution	18	178	178	178
Merger reserve	18	1,466	1,466	1,466
Retained earnings		1,632	563	1,458
<b>Total equity</b>		<u><b>3,276</b></u>	<u><b>2,207</b></u>	<u><b>3,102</b></u>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	19	8,886	5,152	3,117
Lease liabilities	12	5,653	7,104	7,689
Deferred tax liabilities	14	252	-	122
		<u>14,791</u>	<u>12,256</u>	<u>10,928</u>
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	19	3,869	4,020	4,791
Lease liabilities	12	2,503	2,387	1,921
Trade and other payables	21	16,119	12,320	9,677
Provisions	20	419	283	61
		<u>22,910</u>	<u>19,010</u>	<u>16,450</u>
<b>Total liabilities</b>		<u><b>37,701</b></u>	<u><b>31,266</b></u>	<u><b>27,378</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>40,977</b></u>	<u><b>33,473</b></u>	<u><b>30,480</b></u>

The notes on pages 18 to 48 form part of these financial statements.

The financial statements on pages 14 to 48 were approved and authorised for issue by the Board on 21 October 2022 and signed on its behalf by:

DocuSigned by:

*Richard Westley*

R Westley

Director

21 October 2022

**FABLINK GROUP HOLDINGS LIMITED****Consolidated Statement of Changes in Equity  
For the year ended 31 March 2022**

(£'000s)	<u>Issued capital</u>	<u>Capital contribution</u>	<u>Merger reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
At 1 April 2020	-	178	1,466	1,458	3,102
Loss for the year	-	-	-	(895)	(895)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	(895)	(895)
At 31 March 2021	<u>-</u>	<u>178</u>	<u>1,466</u>	<u>563</u>	<u>2,207</u>
At 1 April 2021	-	178	1,466	563	2,207
Profit for the year	-	-	-	1,219	1,219
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,219	1,219
Dividends	-	-	-	(150)	(150)
<b>At 31 March 2022</b>	<u>-</u>	<u>178</u>	<u>1,466</u>	<u>1,632</u>	<u>3,276</u>

The notes on pages 18 to 48 form part of these financial statements.

## FABLINK GROUP HOLDINGS LIMITED

### Consolidated Statement of Cash Flows For the year ended 31 March 2022

	Notes	2022	2021
<i>(£'000s)</i>			
<b>Cash flows from operating activities</b>			
Profit/(loss) after taxation		1,219	(895)
Adjustments to reconcile profit after tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	11,12	2,929	2,394
Impairment of trade receivables		77	22
Finance costs	8	738	667
<b>Working capital adjustments:</b>			
Increase in trade and other receivables		(3,891)	(2,197)
Increase in inventories		(3,762)	(321)
Increase in trade and other payables		3,759	2,657
Increase in provisions		136	222
Interest paid		(730)	(641)
Income tax paid/(received)		349	(216)
<b>Net cash flows generated from operating activities</b>		<b>824</b>	<b>1,692</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(1,208)	(738)
Purchase of investment		-	(75)
Loan advances to related parties		(719)	(184)
<b>Net cash flows utilised in investing activities</b>		<b>(1,927)</b>	<b>(997)</b>
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease liabilities		(2,347)	(1,888)
Proceeds from borrowings		9,000	5,000
Repayment of borrowings		(5,691)	(1,827)
Movement in invoice discounting		264	(1,682)
Repayment of shareholder loans		-	(251)
Dividends paid to equity holders of the parent		(115)	-
<b>Net cash flows generated from/ (utilised in) financing activities</b>		<b>1,111</b>	<b>(648)</b>
<b>Net increase in cash and cash equivalents</b>		<b>8</b>	<b>47</b>
Cash and cash equivalents at beginning of the year	17	190	143
<b>Cash and cash equivalents at end of the year</b>	<b>17</b>	<b>198</b>	<b>190</b>

The notes on pages 18 to 48 form part of these financial statements.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022**

#### **1. General information**

Fablink Group Holdings Limited (the 'Company') is a private limited company limited by shares and incorporated in England and Wales. Its registered head office is located at Unit 2, Quarry Road Brixworth, Northampton, NN6 9UB.

The consolidated financial statements of Fablink Group Holdings Limited and its subsidiaries (collectively, the 'Group') for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Director on 10 October 2022.

The principal activity of the Group remains the supply of pressings, cabs, assemblies, and new product development services to the off-highway, power generation, automotive and commercial vehicle market sectors.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom.

For all periods up to and including the year ended 31 March 2021, the Group prepared its consolidated financial statements in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. These consolidated financial statements for the year ended 31 March 2022 are the first the Group has prepared in accordance with IFRS. Refer to Note 30 for information on how the Group adopted IFRS. The consolidated financial statements have been prepared on a historical cost basis, except for a trade investment that has been measured at fair value, Note 13. The consolidated financial statements are presented in Pound Sterling, rounded to the nearest thousand £000.

##### **2.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2.3 Going concern**

The Director has reviewed the financial position of the Group and believes that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The Director has considered relevant information, including the annual budget, forecast cash flows and the impact of the refinancing that was formally agreed in December 2021 and provides the Group with additional liquidity and long term security.

Monthly trading and cashflow forecasts for the period to 31 March 2024 were prepared to reflect a plausible downside scenario, taking into consideration the potential effects of economic uncertainty. The forecasts demonstrate that headroom on available facilities is significant and that all financial covenants are highly likely to be met throughout the period ending 31 March 2024.

Given the strong liquidity position and ongoing activity levels for the Group, the Director believes that the Group is well placed to manage its business risks successfully and will continue to have sufficient cash resources for the foreseeable future. Based on the above, the Director believes it remains appropriate to prepare the financial statements on a going concern basis.

#### **2.4 Summary of significant accounting policies**

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

##### **a) Revenue**

The principal activity of the Group is the supply of pressings, cabs, assemblies and new product development services to the off-highway, power generation, automotive and commercial vehicle market sectors.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the supply of metal pressings, operating cabs assemblies, and fuel and hydraulic tanks is recognised at the point in time when control of the asset is transferred to the customer, generally upon collection of the equipment by the customer. The normal credit term is within 30 days from collection.

Revenue from the manufacture of tooling equipment is recognised over time based on the actual costs to the end of the reporting period as a proportion of the total costs expected to be incurred. It is determined based on an estimate of the future costs to be incurred to deliver the performance obligation. Estimates of revenue, costs or the extent of progress toward completion are revised if circumstances change. In some instances where the manufacture of the tooling equipment is subcontracted, the Group has concluded that it is the principal in these types of arrangements because it controls the goods before transferring them to the customer.

Most customers (whether local or international) collect the goods from Fablink's warehouses and therefore assume the risk and title of those goods upon collection. Revenue is therefore recognised at a point-in-time, when the goods are collected by the customers.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties).

In determining the transaction price for the sale of metal pressings, operating cabs assemblies, fuel and hydraulic tanks, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions.

The Group's revenue constitutes a single performance obligation with a warranty provision which is accounted for in line with the timing of revenue recognition.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **2.4 Summary of significant accounting policies (continued)**

###### **b) Foreign currencies**

The Group's consolidated financial statements are presented in Pound Sterling, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

###### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in cost of sales.

###### **c) Government grants**

Other operating income includes amounts receivable under the Coronavirus Job Retention Scheme ("CJRS") to reimburse the Group for the wages of certain employees who were furloughed during the period but who remained on the Group's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant.

The scheme is designed to compensate for staff costs and therefore amounts received are recognised in the income statement over the same period as the costs to which they relate.

###### **d) Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

###### **e) Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

###### **f) Pensions**

###### *Defined contribution pension plan*

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **g) Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

##### **h) Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGUs)) and is not amortised but is tested annually for impairment.

##### *Impairment*

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

In practice, the Group assesses the recoverable amount of each CGU typically using a value in use approach. In assessing a CGU's 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 CGU.

The Group bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **i) Property, plant and equipment**

Property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	5-15 years
Fixtures and fittings	2-4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

##### *Impairment*

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

##### **j) Leases**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- a) fixed payments (including in-substance fixed payments), less any lease incentives receivable
- b) variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- c) amounts expected to be payable by the Group under residual value guarantees
- d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The Group uses an incremental borrowing rate to calculate the lease liabilities.

Right-of-use assets are recognised at the commencement date of the lease when the Group, as a lessee, has the right to use an underlying asset for the lease term.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **j) Leases (continued)**

The cost of right-of-use assets includes:

- a) the amounts of lease liabilities recognised
- b) initial direct costs incurred,
- c) restoration costs, and
- d) lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If the ownership of the lease asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment testing. If any impairment of right-of-use assets is identified, the value of the asset is amended with a corresponding charge to the income statement.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### **k) Financial instruments**

The Group's non-derivative financial assets comprise investments in equity instruments, trade and other receivables, cash and cash equivalents.

###### *Classification and Measurement*

Financial instruments are classified either by business model or by reference to the IFRS default classification. Classification by business model reflects how the Group manages financial assets to generate cash flows. A business model assessment determines if cash flows result from holding financial assets to collect the contractual cash flows, from selling those financial assets, or both. Business model assessment for financial assets is made at portfolio level, being the level at which they are managed to achieve a predefined business objective.

Financial assets which are managed under a 'held to collect' business model and have contractual cash flows that comprise solely payments of principal and interest are measured at amortised cost. The contractual terms of a financial asset are considered in determining whether cash flows comprise solely payments of principal and interest.

###### *Investments*

The Group's investment represents investment in the ordinary shares of a private company and these are required to be carried at fair value under IFRS 9. The Group has opted to present the fair value movements in the carrying value of this investment in profit and loss account. These investments are not subject to IFRS 9 ECL requirements.

The fair values of equity investments are determined by reference to active market transactions or using appropriate valuation techniques where no active market exists. Upon disposal, the book value of the investments is derecognised, and any resulting gain or loss recognised in the income statement.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **k) Financial instruments (continued)**

###### *Trade and other receivables*

Trade and other receivables are initially recognised as financial assets when the Group is contractually entitled to receive cash. At initial recognition, they are measured at fair value.

The Group holds trade and other receivables with the objective of collecting the contractual cash flows and the cash flows are solely payments of principal and interest and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

###### *Cash and cash equivalents*

Cash and cash equivalents include cash at bank and in hand and are held at amortised cost.

###### *Trade and other payables/Interest-bearing loans and borrowings*

Trade and other payables and interest-bearing loans and borrowings are initially recognised as financial liabilities when the Group is contractually obliged to pay cash.

At initial recognition, these are measured at fair value at a prevailing market interest rate and subsequently measured at amortised cost using the effective interest method until maturity. Any difference between the proceeds and the fair value are included in equity as a capital contribution and is not subsequently remeasured.

###### *Impairment*

At each reporting date, the Group assesses whether a provision for impairment is required for financial assets carried at amortised cost. The Group applies the simplified approach in IFRS 9 Financial Instruments to recognise a provision for impairment for trade receivables based on lifetime expected credit losses, using credit loss history provision matrices.

The expected credit losses are assessed considering reasonable and supportable information, including that which is forward-looking. The amount of expected credit losses (or reversal) is recognised in profit or loss. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

###### *Finance cost*

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

###### *Derecognition of financial assets*

The Group derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with substantially all the risks and rewards of ownership to a third party.

On derecognition of a financial asset either partially or in its entirety, the difference between the asset's carrying value, the sum of the consideration received and receivable, and any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Consolidated Statement of Comprehensive Income.

###### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Comprehensive Income.

###### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset, and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **l) Current versus non-current classification**

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### **m) Fair value measurement**

The Group measures financial instruments such as equity instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are as follows:

##### *Investments*

The Group has determined fair values of its investments on the basis of recent market transactions.

##### *Other financial instruments*

For certain short-term financial instruments such as cash and cash equivalents and trade receivables and interest bearing loans and borrowings, carrying value is a reasonable approximation of fair value. Fair values of certain non-interest bearing borrowings at the date of transaction have been determined using discounted cash flow valuation techniques.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **m) Fair value measurement (continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

##### **n) Inventories**

Inventories includes raw materials, work-in-progress, and finished goods. Cost of inventories comprise expenditure which has been incurred in bringing the inventory to its present location and condition.

Inventories are valued at the lower of cost prove and net realisable value being the estimated selling price less costs to complete or sell.

Cost is based on the cost of purchase on a first in, first out (FIFO) basis. Work in progress and finished goods include labour and attributable overheads.

##### *Impairment*

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **o) Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours, Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### **p) Provisions**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **2. Significant accounting policies (continued)**

##### **q) Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### **3. Significant accounting judgements, estimates and assumptions**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

##### **Key judgements**

###### *Leases*

The Group chose as its accounting policy to apply the practical expedient upon first-time adoption of IFRS in relation to the initial recognition of the right-of-use assets and lease liabilities, whereby the carrying value of the right-of-use assets was measured at an amount equal to the carrying value of the lease liabilities, adjusted for the amounts of prepaid and accrued lease balances that were recognised in the statement of financial position immediately before the date of transition to IFRS.

##### **Critical accounting estimates**

###### *Leases – lease terms*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. In making its evaluation, the Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option.

###### *Inventories*

Certain factors could affect the realisable value of the Group's stocks, including customer demand and market conditions. The Group considers usage, anticipated sales prices, effect of new product introductions, product obsolescence and other factors when evaluating the value.

###### *Impairment of goodwill*

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group determines the recoverable amount of goodwill based on value in use, being the present value of future cash flows based on two-year financial budgets. Further details are included in Note 10.

###### *Provision for estimated credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The expected credit loss rates are 2.1% for the year ended 31 March 2022, (31 March 2021: 1.3%, 1 April 2020: 1%). A 5% change in expected credit loss rates would result in a movement in expected credit loss provisions of £6,000 as at 31 March 2022, (31 March 2021: £2,600, 1 April 2020: £1,500).

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022****(continued)****4. Revenue**

An analysis of revenue by class of business is as follows:

	<u>2022</u>	<u>2021</u>
(£'000s)		
Sale of goods	76,550	45,187
	<u>76,550</u>	<u>45,187</u>

Analysis of revenue by country of destination:

	<u>2022</u>	<u>2021</u>
(£'000s)		
United Kingdom	72,055	42,692
Rest of Europe	2,991	2,117
Rest of the world	1,504	378
	<u>76,550</u>	<u>45,187</u>

**5. Operating profit/(loss)**

The operating profit/(loss) is stated after charging/(crediting):

	<u>2022</u>	<u>2021</u>
(£'000s)		
Depreciation of property, plant and equipment	567	633
Depreciation of right-of-use assets	2,362	1,761
Exchange differences	32	32
Re-organisation costs	-	209
Other operating income <sup>1</sup>	(7)	(2,859)

<sup>1</sup> Other operating income in the year ended 31 March 2021 includes amounts receivable under the Coronavirus Job Retention Scheme ("CJRS") to reimburse the Company for the wages of certain employees who were furloughed during the period but who remained on the Company's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant.

The scheme is designed to compensate for staff costs and therefore amounts received are recognised in the income statement over the same period as the costs to which they relate.

**6. Auditor's remuneration**

	<u>2022</u>	<u>2021</u>
(£'000s)		
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	8	8

Fees payable to the Group's auditor and its associates in respect of:

	<u>2022</u>	<u>2021</u>
(£'000s)		
Audit of the Group's subsidiaries	75	60
Taxation advisory services	-	2
Other accounting services	-	3
	<u>83</u>	<u>65</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022****(continued)****7. Employees**

Staff costs, including Director's remuneration, were as follows:

	2022	2021
(£'000s)		
Wages and salaries	18,425	14,728
Social security costs	1,660	1,325
Pension costs – defined contribution scheme	379	399
	<u>20,464</u>	<u>16,452</u>

The average monthly number of employees, including the Director, during the year was as follows:

	2022	2021
(Number)		
Production	603	520
Sales and distribution	6	6
Administration	60	49
	<u>669</u>	<u>575</u>

*Pension commitments*

The pension cost charge represents contributions payable by the Group to the personal pension plans of certain employees and amounted to £379,000 (2021: £399,000).

Contributions totalling £47,000 (2021: £13,000) were payable to the funds at the year end and are included within other creditors.

**8. Finance costs**

	2022	2021
(£'000s)		
Interest payable on bank loans	195	136
Interest on lease liabilities	402	410
Interest on shareholder loans	44	61
Interest on invoice discounting facility	97	60
	<u>738</u>	<u>667</u>

**9. Taxation**

	2022	2021
(£'000s)		
<b>Corporation tax</b>		
Current tax charge/(credit)	-	(18)
<b>Deferred tax</b>		
Origination and reversal of timing differences	328	(198)
<b>Total deferred tax</b>	<u>328</u>	<u>(198)</u>
Income tax expense/(credit)	<u>328</u>	<u>(216)</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****9. Taxation (continued)****Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<u>2022</u>	<u>2021</u>
(£'000s)		
Profit/(loss) on ordinary activities before tax	<u>1,547</u>	<u>(1,111)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%).	294	(211)
Effects of:		
Expenses not deductible for tax purposes	23	9
Fixed asset differences	12	10
Additional deduction for R&D expenditure	-	(19)
Additional deduction for Super Deduction	(30)	-
Adjustment to tax charge in respect of prior periods	<u>29</u>	<u>(5)</u>
<b>Total tax expense/(credit) for the year</b>	<u><u>328</u></u>	<u><u>(216)</u></u>

**Factors that may affect future tax charges**

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021.

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, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 31 March 2022. As such, the deferred tax rate applicable at 31 March 2022 is 25% and deferred tax has been remeasured at this rate.

**10. Goodwill**

	<u>Goodwill</u>
(£'000s)	
Cost and net book value	
At 1 April 2020, 31 March 2021 and 31 March 2022	<u>580</u>

Goodwill is monitored by management at the entity level of the Group's trading entities. Goodwill has been allocated as follows:

(£'000s)	
Fablink UK Limited	290
Fablink Cab Systems Limited	<u>290</u>
	<u>580</u>

The recoverable amount for goodwill has been determined based on value in use, being the present value of future cash flows based on two-year financial budgets. Cash flows for the periods beyond existing budgets have been extrapolated using a 2% long-term GDP annual growth rate in all periods. The discount rate applied against the anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 7.3% (2021: 7.6%).

A reasonable change in the key assumptions used in assessing the goodwill for impairment, such as revenue growth and the discount rate, would not have a significant impact on the difference between value in use and the carrying value.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022****(continued)****11. Property, plant and equipment**

(£'000s)	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Total</u>
<b>Cost</b>			
At 1 April 2020	5,710	1,625	7,335
Additions	630	108	738
At 31 March 2021	<u>6,340</u>	<u>1,733</u>	<u>8,073</u>
Additions	1,070	132	1,202
At 31 March 2022	<u>7,410</u>	<u>1,865</u>	<u>9,275</u>
<b>Depreciation</b>			
At 1 April 2020	2,555	1,341	3,896
Charge for the year	482	151	633
At 31 March 2021	<u>3,037</u>	<u>1,492</u>	<u>4,529</u>
Charge for the year	418	149	567
Reallocations	(2)	2	-
At 31 March 2022	<u>3,453</u>	<u>1,643</u>	<u>5,096</u>
<b>Net book value</b>			
At 31 March 2022	<u>3,957</u>	<u>222</u>	<u>4,179</u>
At 31 March 2021	3,303	241	3,544
At 1 April 2020	<u>3,155</u>	<u>284</u>	<u>3,439</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022****(continued)****12. Leases****Right-of-use assets**

(£'000s)	<u>Leasehold properties</u>	<u>Plant and equipment</u>	<u>Total</u>
<b>Cost</b>			
At 1 April 2020	5,564	8,212	13,776
Additions	1,425	384	1,809
At 31 March 2021	<u>6,989</u>	<u>8,596</u>	<u>15,585</u>
Additions	676	369	1,045
At 31 March 2022	<u>7,665</u>	<u>8,965</u>	<u>16,630</u>
<b>Depreciation</b>			
At 1 April 2020	-	3,097	3,097
Charge for the year	1,063	698	1,761
At 31 March 2021	<u>1,063</u>	<u>3,795</u>	<u>4,858</u>
Charge for the year	1,257	1,105	2,362
At 31 March 2022	<u>2,320</u>	<u>4,900</u>	<u>7,220</u>
<b>Net book value</b>			
At 31 March 2022	<u>5,345</u>	<u>4,065</u>	<u>9,410</u>
At 31 March 2021	5,926	4,801	10,727
At 1 April 2020	<u>5,564</u>	<u>5,115</u>	<u>10,679</u>

**Lease liabilities**

(£'000s)	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
Current	2,503	2,387	1,921
Non-current	5,653	7,104	7,689
<b>Total lease liabilities</b>	<u>8,156</u>	<u>9,491</u>	<u>9,610</u>

**Maturity analysis – contractual undiscounted lease payments**

(£'000s)	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
Within one year	2,737	2,659	2,177
Between one and two years	2,425	3,366	3,533
Between three and five years	1,828	1,986	1,931
Over five years	2,073	2,549	3,184
<b>Total undiscounted lease payments</b>	<u>9,063</u>	<u>10,560</u>	<u>10,825</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****12. Leases (continued)**

Amounts recognised in the consolidated statement of comprehensive income were:

	<u>2022</u>	<u>2021</u>
(£'000s)		
Interest on lease liabilities (included in finance expense)	402	410

**13. Investments**

	<u>Trade investments</u>
(£'000s)	
<b>Cost or valuation</b>	
At 1 March 2020	-
Additions	75
At 31 March 2021 and 31 March 2022	<u>75</u>

**Investments at fair value through profit or loss**

During the year ended 31 March 2021, the Group acquired 10% of the share capital of Rocket Caravans Limited for a consideration of £75,000, which is considered to be equal to its fair value as at 31 March 2021 and 2022.

**14. Deferred tax****Non-current**

	<u>31 March 2022</u>	<u>31 March 2021</u>
(£'000s)		
At beginning of year	76	(122)
Credited/(charged) to profit or loss	(328)	198
At end of year	<u>(252)</u>	<u>76</u>

**At end of year**

	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
(£'000s)			
Accelerated capital allowances	(786)	(732)	(604)
Tax losses carried forward	457	748	469
Temporary differences	77	60	13
At end of year	<u>(252)</u>	<u>76</u>	<u>(122)</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****15. Inventories**

	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
(£'000s)			
Raw materials	1,052	501	478
Work in progress	8,013	4,722	4,142
Finished goods	653	733	1,016
	<u>9,718</u>	<u>5,956</u>	<u>5,636</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £173,000 (2021: £205,000) was recognised in cost of sales against inventory during the year due to slow-moving and obsolete stock.

**16. Trade and other receivables**

	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
(£'000s)			
<b>Current</b>			
Trade receivables - gross	12,639	10,572	7,980
Less provision for expected credit losses	(129)	(52)	(30)
Trade receivables - net	<u>12,510</u>	<u>10,520</u>	<u>7,950</u>
Amounts owed by related parties	1,774	870	577
Other receivables	814	227	639
Prepayments and accrued income	1,712	689	837
Corporation tax receivable	7	19	-
	<u>4,307</u>	<u>1,805</u>	<u>2,053</u>
Total trade and other receivables	<u>16,817</u>	<u>12,325</u>	<u>10,003</u>

Amounts owed by related parties are repayable on demand, unsecured and interest free.

Information about the credit exposures are disclosed in Note 24.

**17. Cash and cash equivalents**

	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
(£'000s)			
Cash at bank and in hand	<u>198</u>	<u>190</u>	<u>143</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****18. Share capital and reserves**

	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
(£'000s)			
<b>Allotted, called up and fully paid</b>			
750 (2021: 750, 2020: 750) A Ordinary shares of £0.10 each	-	-	-
750 (2021: 750, 2020: 750) B Ordinary shares of £0.10 each	-	-	-
750 (2021: 750, 2020: 750) C Ordinary shares of £0.10 each	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The A, B and C Ordinary shares rank pari passu in all respects but constitute separate classes of shares for the purposes of declaring dividends.

**Other reserves**

Capital contribution represents the equity portion of the non- interest bearing shareholder loan.

The Merger reserve represents the premium on shares issued to previous shareholders as part of the acquisition of Fablink Group. This is treated as a share for share exchange for merger relief purposes.

**19. Interest bearing loans and borrowings**

	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>1 April 2020</u>
(£'000s)			
<b>Non-current</b>			
Bank loans	8,240	4,516	2,254
Shareholder loans	646	636	863
	<u>8,886</u>	<u>5,152</u>	<u>3,117</u>
<b>Current</b>			
Bank loans	642	1,057	146
Invoice discounting facility	3,227	2,963	4,645
	<u>3,869</u>	<u>4,020</u>	<u>4,791</u>
	<u>12,755</u>	<u>9,172</u>	<u>7,908</u>

*Bank loans*

Bank borrowings are secured by a fixed and floating charge over the assets of the Group and Company.

The loans balance comprises a bank loan of £1,000,000 drawn down in September 2021. At the same time the balance of the previous bank loan, £497,000, was repaid in full. The loan was repayable in equal monthly instalments commencing in October 2021. The loan is scheduled to be fully paid by September 2025. As at 31 March 2022 the outstanding balance on this loan was £882,000.

A bank loan of £500,000 was drawn down in September 2021 and fully repaid by 31 January 2022. This loan was part of a revolving credit facility.

In December 2021 the Group refinanced and extended its bank facilities. The Group entered into a new £8,000,000 loan agreement under the RLS scheme and drew down the full amount in the same period. At the same time the balance of the CLBLS loan, £4,700,000, was repaid in full. The loan was payable over six years, with no payments in year 1, followed by sixty equal monthly payments of £133,000. As at 31 March 2022 the outstanding balance on this loan was £8,000,000.

The group revolving credit facility was also increased to £2,500,000 and extended until December 2025.

*Shareholder loans*

The shareholder loans amount is the balance at 31 March 2022 from an unsecured amount of £1,000,000 advanced to purchase the Fablink Group on 31 March 2017. £500,000 (31 March 2021: £500,000, 1 April 2020: £500,000) of the original amount accrues interest at a rate of 7% per annum. The remainder is non-interest bearing.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****19. Interest bearing loans and borrowings (continued)***Invoice discounting facility*

The invoice discounting facility is recognised as a financing facility which is secured by fixed and floating charges over the Group's trade debtors' portfolio.

**20. Provisions**

(£'000s)	31 March 2022	31 March 2021	1 April 2020
Warranty and dilapidation provisions	419	283	61

**Warranty provisions - Assurance-type warranties**

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

The balance for warranty provisions at 31 March 2022 is £279,000 (2021: £174,000, 1 April 2020 £nil).

**Dilapidation provision**

A provision is recognised for expected dilapidation costs in relation to the termination of property leases. The level of provision is based on the termination date and an assessment of the expected costs. Assumptions used to calculate the dilapidation provision were based on past experience and an assessment of condition of the property.

The amount of provision for dilapidation costs at 31 March 2022 is £140,000, (2021: £109,000, 1 April 2020 £61,000).

**21. Trade and other payables**

(£'000s)	31 March 2022	31 March 2021	1 April 2020
<b>Creditors: Amounts falling due within one year</b>			
Trade payables	10,923	8,212	6,502
Amounts owed to related parties	32	32	-
Other taxation and social security	1,473	2,286	1,172
Other payables	479	348	777
Accruals and deferred income	3,212	1,442	1,226
	16,119	12,320	9,677

Amounts owed to related parties are payable on demand, unsecured and interest-free.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****22. Analysis of net debt**

	Cash and cash equivalents	Bank loans	Shareholder loans	Invoice discounting	Leases	Total
(£'000s)						
At 1 April 2020	143	(2,400)	(863)	(4,645)	(9,610)	(17,375)
Cash flows	47	1,827	251	1,682	1,888	5,695
New loans	-	(5,000)	(24)	-	-	(5,024)
New leases	-	-	-	-	(1,769)	(1,769)
At 31 March 2021	190	(5,573)	(636)	(2,963)	(9,491)	(18,473)
Cash flows	8	5,691	-	(264)	2,347	7,782
New loans	-	(9,000)	(10)	-	-	(9,010)
New leases	-	-	-	-	(1,012)	(1,012)
At 31 March 2022	198	(8,882)	(646)	(3,227)	(8,156)	(20,713)

**23. Financial instruments****Financial assets and liabilities**

The carrying amounts of financial assets and financial liabilities were as follows:

	31 March 2022	31 March 2021	1 April 2020
(£'000s)			
<b>Financial assets at fair value through profit or loss</b>			
Investments at fair value through profit or loss (Note 13)	75	75	-
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents (Note 17)	198	190	143
Trade and other receivables (Note 16)	14,284	11,390	8,527
Total financial assets	14,557	11,655	8,670
<b>Financial liabilities measured at amortised cost</b>			
Interest-bearing loans and borrowings (Note 19)	12,755	9,172	7,908
Lease liabilities (Note 12)	8,156	9,491	9,610
Trade and other payables (Note 21)	12,428	10,530	7,674
Total financial liabilities	33,339	29,193	25,192

Cash and cash equivalents comprise cash at bank and in hand.

The carrying value of financial assets of the Group are materially the same as their fair values.

The fair values of the liabilities are also considered to be equal to their carrying values, given they carry interest at market rates, with the exception of a shareholders loan which is interest free. In respect of this loan the difference between the proceeds and fair value of the loan was recognised as capital contribution.

**Financial instruments measured at fair value**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the reporting date.

Financial instruments that are measured in the balance sheet at fair value are disclosed by level of the following fair value measurement hierarchy:

## FABLINK GROUP HOLDINGS LIMITED

### Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)

#### 23. Financial instruments (continued)

##### Financial instruments measured at fair value (continued)

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

##### *Measurement of fair value of investments*

The Group has only one investment in shares of a private company for which the fair value has been measured based on recent transactions. The investment has been categorised as Level 3 in accordance with IFRS fair value measurement.

#### 24. Financial risk management objectives and policies

##### Introduction

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group's principal financial assets include trade receivables, and that derive directly from its operations. The Group also holds investments in equity instruments.

The Group is exposed to market risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group.

##### i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk and commodity risk.

Financial instruments affected by market risk include loans and borrowings, deposits, and equity investments.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

An increase/decrease of 100 basis points would result in a decrease/increase of £118,000 (2021: £80,000) in profit before tax.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

##### *Foreign exchange risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

Whilst the majority of the Group's operations are based in the UK where transactions are largely denominated in British pounds sterling, the Group also engages in transactions that are primarily denominated in Euros and US Dollars. The Group is therefore exposed to potential changes in foreign exchange rates for/from these currencies.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****24. Financial risk management objectives and policies (continued)****i) Market risk (continued)**

The net foreign exchange gains/losses recognised in profit or loss are disclosed in Note 5. The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>1 April 2020</b>
(£'000s)			
Cash			
GBP	<u>198</u>	<u>190</u>	<u>143</u>
	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>1 April 2020</b>
(£'000s)			
Trade receivables			
GBP	<u>12,510</u>	<u>10,520</u>	<u>7,950</u>
	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>1 April 2020</b>
(£'000s)			
Trade payables			
GBP	10,488	7,684	5,912
US Dollars	67	145	157
Euros	368	383	433
	<u>10,923</u>	<u>8,212</u>	<u>6,502</u>

*Commodity price risk*

The Group's exposure to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk. The Group also buys the majority of its steel through customer negotiated contracts with suppliers. This allows for selling prices to be changed in line with changes in steel prices, again reducing the risk.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****24. Financial risk management objectives and policies (continued)****ii) Liquidity risk**

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

(£'000s)	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 12 months</u>	<u>More than 12 months</u>
<b>Analysis of contractual cash flow maturities</b>				
<b>At 1 April 2020</b>				
Interest-bearing loans and borrowings	7,908	970	4,791	3,117
Lease liabilities	9,610	10,825	2,177	8,648
Trade and other payables	9,677	-	9,677	-
	<u>27,195</u>	<u>11,795</u>	<u>16,645</u>	<u>11,765</u>
<b>At 31 March 2021</b>				
Interest-bearing loans and borrowings	9,172	719	4,020	5,152
Lease liabilities	9,491	10,560	2,659	7,901
Trade and other payables	12,320	-	12,320	-
	<u>30,983</u>	<u>11,279</u>	<u>18,999</u>	<u>13,053</u>
<b>At 31 March 2022</b>				
Interest-bearing loans and borrowings	12,755	719	3,869	8,886
Lease liabilities	8,156	9,063	2,737	6,326
Trade and other payables	16,119	-	16,119	-
	<u>37,030</u>	<u>9,782</u>	<u>22,725</u>	<u>15,212</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****24. Financial risk management objectives and policies (continued)****iii) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

	Estimated total gross carrying amount at default	Lifetime expected credit loss	Trade receivables - Net	Lifetime expected credit loss rate
(£'000s)				
<b>At 1 April 2020</b>				
0-30 days	6,161	13	6,148	5%
31-60 days	1,586	9	1,577	7%
61-90 days	63	2	61	32%
More than 90 days	170	6	164	100%
	<u>7,980</u>	<u>30</u>	<u>7,950</u>	
<b>At 31 March 2021</b>				
0-30 days	10,008	39	9,969	12%
31-60 days	214	2	212	29%
61-90 days	42	1	41	44%
More than 90 days	308	10	298	100%
	<u>10,572</u>	<u>52</u>	<u>10,520</u>	
<b>At 31 March 2022</b>				
0-30 days	10,452	59	10,393	27%
31-60 days	791	25	766	89%
61-90 days	372	11	361	72%
More than 90 days	1,024	34	990	100%
	<u>12,639</u>	<u>129</u>	<u>12,510</u>	

The Group has no collaterals.

*Provision against trade receivables*

Movements in lifetime expected credit losses on trade receivables were as follows:

	31 March 2022	31 March 2021	1 April 2020
(£'000s)			
Balance at beginning of the year	51	30	6
Charge for the year	78	21	24
Balance at end of the year	<u>129</u>	<u>51</u>	<u>30</u>

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **25. Capital risk management**

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to maximise the shareholder value, and among other things, to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current year. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

An analysis of net debt is provided in Note 22.

#### **26. Capital commitments and contingencies**

##### *Capital commitments*

There were capital commitments of £173,000 at 31 March 2022, (31 March 2021 £nil, 1 April 2020 £nil).

##### *Contingent liabilities*

The Group is party to an unlimited inter-company guarantee with HSBC which includes Fablink Group Holdings Limited, Fablink Limited, Fablink UK Limited, Fablink Cab Systems Limited, Fablink Tank Systems Limited, Fablink Toolspec Limited, Global Supply Chain Solutions Limited, Streamline Panels and Assemblies Limited and Streamline Bodies and Assemblies Limited, dated 2 October 2019. The total amount outstanding at the year end under this arrangement was £12,108,000 (2021: £8,536,000, 1 April 2020: £6,395,000). No loss is expected to arise from this arrangement.

#### **27. Related party transactions**

During the year, purchases of £958,000 (2021: £641,000) were made from Electropaint Limited. Loans were also made to Electropaint Limited and the balance outstanding at 31 March 2022 was £478,000 (2021: £503,000, 1 April 2020 £397,000). R A Westley is a Director and majority shareholder of this company.

As at 31 March 2022, there were shareholder loans payable of £646,000 (2021: £636,000, 1 April 2020 £863,000) included within interest bearing loans and borrowings.

During the year rent was charged by WRC Properties Limited of £180,000 (2021: £180,000). Loans were also made to WRC Properties Limited and as at 31 March 2022 the balance outstanding was £178,000 (2021: £178,000, 1 April 2020 £180,000). R A Westley is a Director and shareholder of this company.

During the year rent was charged by The Westley Partnership LLP of £120,000 (2021: £120,000). As at 31 March 2022, an amount of £32,000 (2021: £32,000, 1 April 2020 £nil) was owed to The Westley Partnership LLP, an entity in which R A Westley exerts significant influence.

During the year, sales of £160,000 (2021: £140,000) were made to David Brown Automotive Limited. Loans were also made to David Brown Automotive Limited and the balance outstanding at 31 March 2022 was £1,118,000 (2021: £189,000, 1 April 2020 £nil). R A Westley is a Director of this company.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022****(continued)****27. Related party transactions (continued)***Key management personnel compensation*

Key management personnel includes the Director of the Company.

	<u>2022</u>	<u>2021</u>
(£'000s)		
Director's emoluments	360	370
Company contributions to defined contribution pension schemes	6	10
	<u>366</u>	<u>380</u>

During the year retirement benefits were accruing to 1 Director (2021: 1, 2020: 1) in respect of defined contribution pension schemes.

The Director, as the sole director of the Group is the highest paid director. The highest paid director received remuneration of £366,000 (2021: £380,000).

**28. Controlling party**

The controlling party of the Group is R A Westley, the Director and majority shareholder of Fablink Group Holdings Limited.

**29. Post balance sheet events**

On August 3, 2022, it was announced that Fablink Group Holdings Limited had entered into a Definitive Agreement to be acquired by EV Technology Group (NEO: EVTG) (OTCQB: EVTGF) (DE: B96A).

The transaction is valued at up to £38,800,000 with £29,500,000 to be paid in cash for 76% of the Group and the Group will have an option to sell the remaining 24% of Fablink for £9,300,000 in Common Shares of EV Technology Group.

This is a strategic acquisition for EV Technology Group which will bring engineering, supply chain, manufacturing and assembly expertise in-house, strengthening their commercial offering. The Group is to retain its leadership team, employees, facilities and global customer base, with Fablink Group CEO Richard Westley to be appointed as EV Technology Group's Chief Operating Officer upon completion of the acquisition.

**30. First time adoption of IFRS**

The Group has prepared consolidated financial statements for the first time in accordance with IFRS. For the years up to and including the year ended 31 March 2021, the Group prepared its statutory financial statements in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (FRS 102) and the Companies Act 2006 ("UK GAAP").

In preparing the consolidated financial statements for the year ended 31 March 2022, the Group's opening Consolidated Statement of Financial Position was prepared as at 1 April 2020, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP financial statements including the Consolidated Statement of Financial Position as at 1 April 2020 and 31 March 2021, and the Consolidated Statement of Comprehensive Income for the year ended 31 March 2021.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****30. First time adoption of IFRS (continued)****Reconciliation of the Consolidated Statement of Financial Position as at 1 April 2020 (date of transition to IFRS):**

	Notes	UK GAAP	Remeasurements <sup>(1)</sup>	Reclassifications <sup>(2)</sup>	Corrections <sup>(3)</sup>	IFRS
<b>(£'000s)</b>						
<b>ASSETS</b>						
<b>Non-current assets</b>						
Goodwill	<i>a</i>	-	237	343	-	580
Property, plant and equipment	<i>c</i>	7,804	(4,365)	-	-	3,439
Right-of-use assets	<i>c</i>	-	10,679	-	-	10,679
Investments		-	-	-	-	-
Intangible assets		343	-	(343)	-	-
		<u>8,147</u>	<u>6,551</u>	<u>-</u>	<u>-</u>	<u>14,698</u>
<b>Current assets</b>						
Inventories		5,636	-	-	-	5,636
Trade and other receivables	<i>b</i>	10,032	(29)	-	-	10,003
Cash and cash equivalents		143	-	-	-	143
		<u>15,811</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>15,782</u>
<b>TOTAL ASSETS</b>		<u>23,958</u>	<u>6,522</u>	<u>-</u>	<u>-</u>	<u>30,480</u>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Issued capital		-	-	-	-	-
Capital contribution	<i>d</i>	-	-	178	-	178
Other reserves		1,466	-	-	-	1,466
Retained earnings	<i>a,b,c</i>	1,293	236	(71)	-	1,458
<b>TOTAL EQUITY</b>		<u>2,759</u>	<u>236</u>	<u>107</u>	<u>-</u>	<u>3,102</u>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings	<i>d</i>	3,224	-	(107)	-	3,117
Lease liabilities	<i>c</i>	2,300	5,389	-	-	7,689
Deferred tax liabilities		146	(24)	-	-	122
		<u>5,670</u>	<u>5,365</u>	<u>(107)</u>	<u>-</u>	<u>10,928</u>
<b>Current liabilities</b>						
Interest-bearing loans and borrowings	<i>f</i>	146	-	4,645	-	4,791
Invoice discounting facility	<i>f</i>	4,645	-	(4,645)	-	-
Lease liabilities	<i>c</i>	885	1,036	-	-	1,921
Trade and other payables	<i>f</i>	9,853	(115)	-	(61)	9,677
Provisions	<i>g</i>	-	-	-	61	61
		<u>15,529</u>	<u>921</u>	<u>-</u>	<u>-</u>	<u>16,450</u>
<b>TOTAL LIABILITIES</b>		<u>21,199</u>	<u>6,286</u>	<u>(107)</u>	<u>-</u>	<u>27,378</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>23,958</u>	<u>6,522</u>	<u>-</u>	<u>-</u>	<u>30,480</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****30. First time adoption of IFRS (continued)****Reconciliation of the Consolidated Statement of Financial Position as at 31 March 2021**

(£'000s)	Notes	UK GAAP	Remeasurements <sup>(1)</sup>	Reclassifications <sup>(2)</sup>	Corrections <sup>(3)</sup>	IFRS
<b>ASSETS</b>						
<b>Non-current assets</b>						
Goodwill	<i>a</i>	-	301	279	-	580
Property, plant and equipment	<i>c</i>	7,710	(4,166)	-	-	3,544
Right-of-use assets	<i>c</i>	-	10,727	-	-	10,727
Investments		75	-	-	-	75
Deferred tax assets		-	76	-	-	76
Intangible assets	<i>f</i>	279	-	(279)	-	-
		<u>8,064</u>	<u>6,938</u>	<u>-</u>	<u>-</u>	<u>15,002</u>
<b>Current assets</b>						
Inventories		5,956	-	-	-	5,956
Trade and other receivables	<i>b,g</i>	12,242	(91)	-	174	12,325
Cash and cash equivalents		190	-	-	-	190
		<u>18,388</u>	<u>(91)</u>	<u>-</u>	<u>174</u>	<u>18,471</u>
<b>TOTAL ASSETS</b>		<u>26,452</u>	<u>6,847</u>	<u>-</u>	<u>174</u>	<u>33,473</u>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Issued capital		-	-	-	-	-
Capital contribution	<i>d</i>	-	-	178	-	178
Other reserves		1,466	-	-	-	1,466
Retained earnings	<i>a,b,c</i>	506	57	-	-	563
<b>TOTAL EQUITY</b>		<u>1,972</u>	<u>57</u>	<u>178</u>	<u>-</u>	<u>2,207</u>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings	<i>f</i>	5,235	-	(83)	-	5,152
Lease liabilities	<i>c</i>	1,789	5,315	-	-	7,104
		<u>7,024</u>	<u>5,315</u>	<u>(83)</u>	<u>-</u>	<u>12,256</u>
<b>Current liabilities</b>						
Interest-bearing loans and borrowings	<i>d</i>	1,057	-	2,963	-	4,020
Invoice discounting facility	<i>f</i>	2,963	-	(2,963)	-	-
Lease liabilities	<i>c</i>	924	1,463	-	-	2,387
Trade and other payables	<i>f</i>	12,512	(83)	-	(109)	12,320
Income tax payable		-	-	-	-	-
Provisions	<i>g</i>	-	-	-	283	283
		<u>17,456</u>	<u>1,380</u>	<u>-</u>	<u>174</u>	<u>19,010</u>
<b>TOTAL LIABILITIES</b>		<u>24,480</u>	<u>6,695</u>	<u>(83)</u>	<u>174</u>	<u>31,266</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>26,452</u>	<u>6,752</u>	<u>95</u>	<u>174</u>	<u>33,473</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the consolidated financial statements for the year ended 31 March 2022  
(continued)****30. First time adoption of IFRS (continued)****Reconciliation of the Consolidated Statement of Comprehensive Income for the year ended 31 March 2021**

(£'000s)	Notes	UK GAAP	Re- measurements <sup>(1)</sup>	Reclassifications <sup>(2)</sup>	Corrections <sup>(3)</sup>	IFRS
Revenue	<i>e</i>	44,855	-	332	-	45,187
Cost of sales	<i>c,e</i>	(41,879)	142	(332)	-	(42,069)
<b>Gross profit</b>		<u>2,976</u>	<u>142</u>	<u>-</u>	<u>-</u>	<u>3,118</u>
Distribution costs		(1,332)	-	-	-	(1,332)
Administrative expenses	<i>a,b,c,f</i>	(4,923)	65	(209)	-	(5,067)
Impairment of financial assets	<i>b</i>	-	(22)	-	-	(22)
Exceptional administrative expenses	<i>f</i>	(209)	-	209	-	-
Other operating income		2,859	-	-	-	2,859
<b>Operating loss</b>		<u>(629)</u>	<u>185</u>	<u>-</u>	<u>-</u>	<u>(444)</u>
Finance costs	<i>c</i>	(355)	(287)	(25)	-	(667)
<b>Loss before taxation</b>		(984)	(102)	(25)	-	(1,111)
Income tax credit/(expense)		197	19	-	-	216
<b>Loss for the year financial year</b>		<u>(787)</u>	<u>(83)</u>	<u>(25)</u>	<u>-</u>	<u>(895)</u>
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-	-	-	-
<b>Total comprehensive expense for the year</b>		<u>(787)</u>	<u>(83)</u>	<u>(25)</u>	<u>-</u>	<u>(895)</u>

- (1) Certain remeasurement adjustments have been made to present the Consolidated Statement of Financial Position as at 1 April 2020 and 31 March 2021 and the Consolidated Statement of Comprehensive Income for the year ended 31 March 2021 to comply with the adoption of IFRS.
- (2) Certain reclassification adjustments have been made to present the Consolidated Statement of Financial Position as at 1 April 2020 and 31 March 2021 and the Consolidated Statement of Comprehensive Income for the year ended 31 March 2021 in accordance with the significant accounting policies described in Note 2.
- (3) Certain adjustments have been made to correct the Consolidated Statement of Financial Position as at 1 April 2020 and 31 March 2021 and the Consolidated Statement of Comprehensive Income for the year ended 31 March 2021 as detailed below.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022**

#### **(continued)**

#### **30. First time adoption of IFRS (continued)**

##### **Description of the effects of the transition to IFRS**

###### *Remeasurement adjustments for adoption of IFRS:*

**a) Reversal of goodwill amortisation**

Goodwill is not amortised under IFRS, instead it is tested annually for impairment (refer to Note 2 for further details). This has resulted in an increase in intangible assets of £237,000 as at 1 April 2020, an increase of £301,000 as at 31 March 2021, and a decrease in administrative expenses for the year ended 31 March 2021 of £65,000.

**b) Provision for expected credit losses for trade receivables**

Under UK GAAP, bad debt provisions were estimated using a backward-looking incurred loss model whilst IFRS requires a forward-looking expected credit loss model.

This has resulted in an increase in provisions of £22,000 as at 31 March 2021, and decrease in profits of £22,000 for the year ended 31 March 2021.

**c) Capitalisation of operating lease commitments**

Under UK GAAP, operating lease charges were expensed over the life of the lease. Under IFRS the Group has adopted IFRS 16 Leases using the modified retrospective approach for all years presented.

A right-of-use asset and a lease liability have been recognised at each reporting date and all lease-related balances previously reported under UK GAAP have been reversed on transfer to IFRS.

A right-of-use asset was recognised of £10,679,000 at 1 April 2020 and £10,727,000 at 31 March 2021 and a lease liability recognised of £9,610,000 at 1 April 2020 and £9,491,000 at 31 March 2021.

After reversing previously expensed operating lease charges, a depreciation charge and an interest expense have been recognised. The impact was a decrease to cost of sales of £142,000 in the year ended 31 March 2021, and an increase in finance expenses of £287,000 in the year ended 31 March 2021.

###### *Reclassification adjustments for adoption of IFRS:*

**d) Reclassification of Shareholder loans**

Under UK GAAP, the Shareholder loans were presented in non-current liabilities. A portion of these shareholders loan representing the equity portion is reclassified as a capital contribution within equity in accordance with IFRS.

**e) Reclassification of revenue from scrap sales**

Revenue earned from scrap sales was previously recognised within cost of sales under UK GAAP. This has been reclassified to revenue in accordance with IFRS.

**f) Other reclassifications**

Certain items of the Statement of Comprehensive Income and Statement of Financial Position (such as exceptional administrative expenses and intangible assets) have been presented to align with IFRS format.

###### *Correction adjustments:*

**g) Reclassification of warranty provisions and dilapidation provisions**

The Group has historically recognised warranty and dilapidation provisions as a deduction of trade receivables. However on transition, management has reconsidered the requirements of IAS 37 and made a correction to reclassify them to current liabilities. The amounts of warranty and dilapidation provisions reclassified at 1 April 2020 amounted to £61,000 and £283,000 at 31 March 2021.

###### *Impact of adoption of IFRS on cash flows:*

Operating lease payments were classified as operating cash flows in accordance with UK GAAP but have now been included in financing cash flows in accordance with IFRS. There are no other material differences between the statement of cash flows presented in accordance with IFRS and that presented in accordance with UK GAAP.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the consolidated financial statements for the year ended 31 March 2022 (continued)**

#### **31. Standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group and do not plan to adopt them before their effective dates.

These are as follows:

*Effective for annual periods beginning on or after 1 January 2022:*

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements: IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- Annual Improvements: IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

*Effective for annual periods beginning on or after 1 January 2023:*

- IFRS 17 - Insurance Contracts
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

**FABLINK GROUP HOLDINGS LIMITED****Company Statement of Financial Position  
As at 31 March 2022**

Company registered number: 10648520

(£'000s)	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>Fixed assets</b>			
Investments	4	<u>3,116</u>	<u>3,116</u>
		<u>3,116</u>	<u>3,116</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	6,978	3,228
Cash and bank and in hand	6	<u>122</u>	<u>31</u>
		<u>7,100</u>	<u>3,259</u>
Creditors: amounts falling due within one year	7	<u>(477)</u>	<u>(951)</u>
<b>Net current assets</b>		<b>6,623</b>	<b>2,308</b>
<b>Total assets less current liabilities</b>		<b>9,739</b>	<b>5,424</b>
Creditors: amounts falling due after more than one year	8	<b>(8,319)</b>	<b>(4,819)</b>
<b>Net assets</b>		<u><b>1,420</b></u>	<u><b>605</b></u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Merger reserve	12	1,466	1,466
Profit and loss account	12	<u>(46)</u>	<u>(861)</u>
<b>Total equity</b>		<u><b>1,420</b></u>	<u><b>605</b></u>

The notes on pages 51 to 57 form an integral part of these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax for the Company was £1,091,000 (2021: loss of £861,000).

The financial statements on pages 49 to 57 were approved and authorised for issue by the Board on      October 2022 and signed on its behalf by:

DocuSigned by:

*Richard Westley*

R Westley

Director

21 October 2022

## FABLINK GROUP HOLDINGS LIMITED

### Company Statement of Changes in Equity For the year ended 31 March 2022

(£'000s)	<u>Issued capital</u>	<u>Merger reserve</u>	<u>Profit and loss account</u>	<u>Total equity</u>
At 1 April 2020	-	1,466	-	1,466
Loss for the year	-	-	(861)	(861)
Total comprehensive expense for the year	-	-	(861)	(861)
At 31 March 2021	<u>-</u>	<u>1,466</u>	<u>(861)</u>	<u>605</u>
At 1 April 2021	-	1,466	(861)	605
Profit for the year	-	-	965	965
Total comprehensive income for the year	-	-	965	965
Dividends	-	-	(150)	(150)
<b>At 31 March 2022</b>	<u>-</u>	<u>1,466</u>	<u>(46)</u>	<u>1,420</u>

The notes on pages 51 to 57 form an integral part of these financial statements.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the Company financial statements for the year ended 31 March 2022**

#### **1. Basis of preparation**

The separate financial statements of the parent company have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the parent company, the Company has taken advantage of the following disclosure exemptions available under FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations of the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and

#### **2. Accounting policies**

The following principal accounting policies have been applied.

##### **a) Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **b) Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the Company financial statements for the year ended 31 March 2022 (continued)**

#### **2. Accounting policies (continued)**

##### **c) Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **d) Debtors**

Short term debtors are measured at transaction price, less any impairment. Loan receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **e) Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **f) Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **g) Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

##### **h) Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the Company financial statements for the year ended 31 March 2022 (continued)****3. Employees**

The Company has no employees other than the Director, who was remunerated by other group companies in both the current and prior period.

**4. Fixed asset investments**

(£'000s) Cost or valuation	<u>Investments in subsidiary companies</u>	<u>Trade investments</u>	<u>Total</u>
At 1 April 2021 and 31 March 2022	3,041	75	3,116

**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Fablink Limited	Arcwell Works Stafford Road, Fordhouses, Wolverhampton, West Midlands, WV10 7EJ	Holding company	Ordinary	100%
Fablink Cab Systems Limited	Unit 2 Quarry Road, Brixworth Industrial Estate, Brixworth, Northampton, NN6 9UB	Manufacturing of fabricated metals	Ordinary	100%
Fablink Tank Systems Limited	Evenwood, Bishop Auckland, Co Durham, DL14 9NJ	Manufacturing of fabricated metals	Ordinary	100%
Global Supply Chain Solutions Limited	c/o Fablink, Unit 2 Quarry Road, Brixworth Industrial Estate, Brixworth, Northampton, NN6 9UB	Manufacturing of fabricated metals	Ordinary	100%
Streamline Panels and Assemblies Limited	24 Gallowhill Road, Brackmills Industrial Estate, Northampton, NN4 7EE	Manufacturing of fabricated metals	Ordinary	100%
Streamline Bodies and Assemblies Limited	Arcwell Works Stafford Road, Fordhouses, Wolverhampton, West Midlands, WV10 7EJ	Manufacturing of fabricated metals	Ordinary	100%
Fablink Toolspec Limited	Unit 2 Quarry Road, Brixworth Industrial Estate, Brixworth, Northampton, NN6 9UB	Manufacturing of fabricated metals	Ordinary	100%

The following was an indirect subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Fablink UK Limited	Arcwell Works Stafford Road, Fordhouses, Wolverhampton, West Midlands, WV10 7EJ	Holding company	Ordinary	100%

Global Supply Chain Solutions Limited (Company no: 05509253), Streamline Panels and Assemblies Limited (Company no: 06635450) and Streamline Bodies and Assemblies Limited (Company no: 07726489) are all exempt from the requirements of an audit under section 479A of the Companies Act 2006 as Fablink Group Holdings Limited has provided these companies with a parental guarantee.

In the year ended 31 March 2021, the Company acquired 10% of equity investment in Rocket Caravans Limited for consideration of £75,000.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the Company financial statements for the year ended 31 March 2022 (continued)****5. Debtors: amounts falling due within one year**

	<u>2022</u>	<u>2021</u>
(£'000s)		
Amounts owed by group undertakings	6,269	3,030
Amounts owed by related parties	599	-
Prepayments and accrued income	38	-
Deferred tax asset	72	198
	<u>6,978</u>	<u>3,228</u>

Amounts owed by group undertakings are repayable on demand, unsecured and interest free.

**6. Cash and cash equivalents**

	<u>2022</u>	<u>2021</u>
(£'000s)		
Cash at bank and in hand	122	31

**7. Creditors: Amounts falling due within one year**

	<u>2022</u>	<u>2021</u>
(£'000s)		
Bank loans (Note 8)	400	900
Other creditors	58	23
Accruals and deferred income	19	28
	<u>477</u>	<u>951</u>

**8. Creditors: Amounts falling due after more than one year**

	<u>2022</u>	<u>2021</u>
(£'000s)		
Bank loans	7,600	4,100
Shareholder loans	719	719
	<u>8,319</u>	<u>4,819</u>

The shareholder loans amount is the balance at 31 March 2022 from an amount of £1,000,000 advanced to purchase the Fablink Group on 31 March 2017. £500,000 of the original amount is unsecured and accrues interest at a rate of 7% per annum. The remainder is non-interest bearing.

**Loans**

	<u>2022</u>	<u>2021</u>
(£'000s)		
<b>Amounts falling due within one year</b>		
Bank loans	400	900
<b>Amounts falling due after more than one year</b>		
Bank loans	7,600	4,100
Shareholder loans	719	719
	<u>8,319</u>	<u>4,819</u>
	<u>8,719</u>	<u>5,719</u>

**FABLINK GROUP HOLDINGS LIMITED****Notes to the Company financial statements for the year ended 31 March 2022 (continued)****8 Creditors: Amounts falling due after more than one year***Bank loans*

Bank borrowings are secured by a fixed and floating charge over the assets of the Group and Company.

A bank loan of £500,000 was drawn down in September 2021 and fully repaid by 31 January 2022. This loan was part of a revolving credit facility.

In December 2021 the Group refinanced and extended its bank facilities. The Group entered into a new £8,000,000 loan agreement under the RLS scheme and drew down the full amount in the same period. At the same time the balance of the CLBLS loan, £4,700,000, was repaid in full. The loan is payable over six years, with no payments in year 1, followed by sixty equal monthly payments of £133,333. As at 31 March 2022 the outstanding balance on this loan was £8,000,000.

In December 2021 the group revolving credit facility was also increased to £2,500,000 and extended until December 2025.

*Shareholder loans*

The shareholder loans amount is the balance at 31 March 2022 from an unsecured amount of £1,000,000 advanced to purchase the Fablink Group on 31 March 2017.

£500,000 (31 March 2021: £500,000, 1 April 2020: £500,000) of the original amount accrues interest at a rate of 7% per annum. The remainder is non-interest bearing.

**9. Financial instruments**

(£'000s)	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents	122	31
Financial assets measured at amortised cost	6,269	3,030
	6,391	3,061
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	8,777	5,742

Cash and cash equivalents comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and other borrowings, and other creditors.

**FABLINK GROUP HOLDINGS LIMITED****Notes to the Company financial statements for the year ended 31 March 2022 (continued)****10. Deferred taxation**

	<u>2022</u>	<u>2021</u>
(£'000s)		
At beginning of year	198	-
Charged/(credited) to profit or loss	(126)	198
At end of year	<u>72</u>	<u>198</u>

**At end of year**

	<u>31 March 2022</u>	<u>31 March 2021</u>
(£'000s)		
Tax losses carried forward	72	198
At end of year	<u>72</u>	<u>198</u>

**11. Share capital**

	<u>31 March 2022</u>	<u>31 March 2021</u>
(£'000s)		
<b>Allotted, called up and fully paid</b>		
750 (2021: 750, 2020: 750) A Ordinary shares of £0.10 each	-	-
750 (2021: 750, 2020: 750) B Ordinary shares of £0.10 each	-	-
750 (2021: 750, 2020: 750) C Ordinary shares of £0.10 each	-	-
	<u>-</u>	<u>-</u>

During the year ended 31 March 2020, the Ordinary shares were redesignated to A, B and C Ordinary shares. The shares rank pari passu in all respects but constitute separate classes of shares for the purposes of declaring dividends.

**12. Reserves****Merger reserve**

The Merger reserve represents the premium on shares issued to previous shareholders as part of the acquisition of Fablink Group. This is treated as a share for share exchange for merger relief purposes.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

**13. Capital commitments**

There were no capital commitments at 31 March 2022, (31 March 2021 £nil, 1 April 2020 £nil).

**14. Contingent liabilities**

The Company is party to an unlimited inter-company guarantee with HSBC which includes Fablink Group Holdings Limited, Fablink Limited, Fablink UK Limited, Fablink Cab Systems Limited, Fablink Tank Systems Limited, Fablink Toolspec Limited, Global Supply Chain Solutions Limited, Streamline Panels and Assemblies Limited and Streamline Bodies and Assemblies Limited, dated 2 October 2019. The total amount outstanding at the year end under this arrangement was £12,108,000 (2021: £8,536,000). No loss is expected to arise from this arrangement.

**15. Related party transactions**

The Company has taken advantage of the exemption under section 33 of FRS 102 to not disclose transactions with wholly owned group members.

## **FABLINK GROUP HOLDINGS LIMITED**

### **Notes to the Company financial statements for the year ended 31 March 2022 (continued)**

During the year loans were made to David Brown Automotive Limited and the balance outstanding at 31 March 2022 was £599,000 (2021: £nil). R A Westley is a Director of this company.

As at 31 March 2022, there were shareholder loans payable of £719,009 (2021: £719,009) included within creditors.

#### *Key management personnel*

Key management personnel is considered to be the Director of the Company, who received no remuneration from the Company (2021: £nil). The Director was remunerated by other group companies in both the current and prior period.

#### **16. Post balance sheet events**

On August 3, 2022, it was announced that Fablink Group Holdings Limited (“Fablink”) had entered into a Definitive Agreement to be acquired by EV Technology Group (NEO: EVTG) (OTCQB: EVTGF) (DE: B96A).

The transaction is valued at up to £38,800,000 with £29,500,000 to be paid in cash for 76% of Fablink and Fablink will have an option to sell the remaining 24% of Fablink for £9,300,000 in Common Shares of EV Technology Group.

This is a strategic acquisition for EV Technology Group which will bring engineering, supply chain, manufacturing and assembly expertise in-house, strengthening their commercial offering. Fablink is to retain its leadership team, employees, facilities and global customer base, with Fablink Group CEO Richard Westley to be appointed as EV Technology Group’s Chief Operating Officer upon completion of the acquisition.

#### **17. Controlling party**

The controlling party of the Company is RA Westley, the Director and majority shareholder of Fablink Group Holdings Limited.