**Greene, Tweed & Co. Limited**

# Strategic report, directors' report and financial statements

Registered number 01643349
31 March 2022

## Contents

| | |
|---|---|
| Company information | 1 |
| Strategic report | 2 |
| Directors' report | 4 |
| Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements | 5 |
| Independent auditor's report to the members of Greene, Tweed & Co. Limited | 6 |
| Profit and loss account | 9 |
| Balance sheet | 10 |
| Statement of changes in equity | 11 |
| Notes | 12 |

## Company information

| | | |
|---|---|---|
| Directors | K Stanley | (resigned 30 September 2021) |
| | K Lukiewski | |
| | J Midwinter | |
| | A Baldassarra | |
| | A Bloch | (appointed 1 October 2021) |
| Secretary | P O'Brien | |
| Registered address | Mere Way<br>Ruddington Fields<br>Ruddington<br>Nottingham<br>NG11 6JS | |
| Registered number | 01643349 | |
| Auditor | Ernst & Young LLP<br>One Colmore Square<br>Birmingham<br>B4 6HQ | |

## Strategic report

Greene, Tweed & Co. Limited is part of the Greene Tweed Group. The Greene Tweed group is in business of manufacturing and selling high performance sealing elements and composites. The Group's sales are to customers in the Aerospace, Defence, Energy, Life Sciences and Semiconductor industries. Approximately 53% of the Group's net sales were generated by its European and Asia Pacific subsidiaries. Greene, Tweed & Co. Limited predominately manufactures Sealing Systems products that support the Aerospace industry.

### Business review

The result for the year is as follows:

| | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| Profit/(loss) for the financial year after taxation | **1,322** | (290) |

Work carried out to set foundations in prior year along with the Company showing strong recovery from the events of Covid-19 pandemic has meant an increase in turnover by 23%, driven mainly by Chemraz and Seal Connect. This corresponds to a strong growth in the Energy and Semiconductor sectors. In addition, we saw improvement in gross margin of 2.2% to 25.2% due to improved manufacturing efficiencies through automation. Although we had increased costs in line with inflation, as expected, overall our admin costs reduced due to a favourable foreign exchange impact.

In adherence with government guidance and best practice, the company has continued to ensure that there is a safe environment for all employees. The other operating income that was due to the Government Furlough Scheme came to an end and we are proud to have retained all our staff. This financial year we are operating at full capacity and continuing to invest in further capex projects. The Mould shop capex, which was deferred during Covid-19, is now in progress. We anticipate it's completion by the end of calendar year 2022.

Despite challenges in the current competitive recruitment market; we have been successful in filling all our open positions and strengthening our management team. It is envisaged that this will contribute to further our success in 2023 and beyond.

The balance sheet continues to remain strong and will enable us to invest in future opportunities. This will further facilitate our gain in market share from our competitors and maintain positive relationships with our customers.

The outlook for the coming financial year remains strong, we continue seeing high customer demand across all products and sectors.

Principal risks and uncertainties facing the Company include:

### Exposure to currency fluctuations

The company is moderately exposed in its trading operations to the risk of changes in foreign currency exchange rates. As the company both buys and sells the goods in US dollars and Euros, the overall risk is not significant. The main foreign currency in which the company operates is US dollar.

### Economic exposure to our market sector both in the UK and worldwide

Whilst the company is not immune to the effect of changes in economic conditions, the diversity of markets and locations the Company operates in reduces the risk of the business through economic events in any one market.

**Risk emerging subsequent to the year end and economic events**

As a result of post Covid recovery and subsequent to the year end, the Russia/Ukraine conflict has meant we are seeing some challenges in supply chain, both in terms of sourcing and cost increase. We are also facing challenges in hiring due to the fast pace of current recruitment market. Neither of these events are having significant impact on the company performance and Management team review this on a regular basis to ensure the necessary measures are in place to mitigate any risks.

**Brexit**

We continue seeing some delays and additional charges on exports to the EU and are working with our freight providers to ensure there is minimal impact to both our supply chain and customers.

**COVID-19**

The directors continue to take into account COVID-19 requirements to ensure a safe environment is maintained for staff and keep us at full operational capacity.

DocuSigned by:

Mr. Antonio Baldassarra

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**A Baldassarra**

*Director*

Dated: 28 September 2022

## Directors' report

The directors present their Directors' report and the audited financial statements for the year ended 31 March 2022.

**Principal activities**

The principal activities of the Company are the selling, marketing and manufacturing of fluid sealing devices and advanced thermoplastic products.

**Future Developments**

Please refer to the Strategic Report.

**Directors**

The directors who have held office during the year and to the date of this report were:

K Stanley (resigned 30 September 2021)
K Lukiewski
J Midwinter
A Baldassarra
A Bloch (appointed 1 October 2021)

**Dividend Payment**

Dividends were paid totalling £730,000 (2021: Nil) during the year.

**Disclosure of information to auditor**

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

**Going Concern**

The directors have reviewed future trading and cashflow forecasts, including a reverse stress test scenario, for the period to 31 December 2023. The company continues to hold a significant level of cash at bank which, along with cash generated within the business, is forecast to be at a level which the directors consider sufficient along with potential mitigating actions to withstand the impact of any plausible downturn in trade. As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 31 December 2023.

Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Political contributions**

No political donations were made during the year (2021 £nil).

**Auditor**

Ernst & Young LLP are expected to remain as auditors pursuant to Section 485 of the Companies Act 2006.

DocuSigned by:

Mr. Antonio Baldassarra

BA0C1DC92F384CE...

**A Baldassarra**

*Director*

Dated: 28 September 2022

## Directors' responsibilities statement in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

**Directors' confirmations**

The directors in office at the date the Directors' Report is approved confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that he ought to have taken as a directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENE, TWEED & CO. LIMITED

## Opinion

We have audited the financial statements of Greene, Tweed & Co. Limited for the year ended 31 March 2022 which comprise Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

## INDEPENDENT AUDITOR'S REPORT *(continued)*

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, environmental and data protection.
- We understood how Greene, Tweed & Co. Limited is complying with those frameworks by making enquiries of management to understand how the company creates awareness of relevant laws and regulations and how it maintains and communicates its policies and procedures in these areas and report any instance of non-compliance. We made enquiries of management and those charged with governance to identify any matters which could have a material impact on the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the culture and entity level controls present at the company and whether this had a strong emphasis on the prevention and detection of fraud. We also performed enquiries of management and those charged with governance to obtain an understanding of the company's business and accounting practices. We determined that the risk of management override of controls through top-side journal entries regarding revenue recognition had the highest risk of material misstatement. We performed correlation procedures on revenue transactions and investigated any significant postings that did not follow the expected posting pattern for sales invoices. We obtained supporting evidence and verified the validity of the postings that did not follow the expected posting pattern as part of the revenue recognition process.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry of management and those charged with governance as to their awareness of non-compliance with laws and regulations.

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

## 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.

Signature
Andrew Merrick (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
28 September 2022

## Profit and loss account
*for year ended 31 March 2022*

| | Note | 2022 £000 | 2021 £000 |
|---|---|---|---|
| **Turnover** | *2* | **33,111** | **26,858** |
| Cost of sales | | (24,753) | (20,681) |
| **Gross profit** | | **8,358** | **6,177** |
| Administrative expenses | | (6,364) | (6,703) |
| Other operating income | *3* | 5 | 271 |
| **Operating Profit/(loss)** | *4* | **1,999** | **(255)** |
| Other interest receivable and similar income | *7* | 7 | 8 |
| Interest payable and similar expenses | *8* | (106) | (119) |
| **Profit/(loss) before taxation** | | **1,900** | **(366)** |
| Tax (expense)/credit | *9* | (578) | 76 |
| **Profit/(loss) for the financial year** | | **1,322** | **(290)** |

In both the current and prior year, the Company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

## Balance sheet
*at 31 March 2022*

| | Note | 2022 £000 | 2022 £000 | 2021 £000 | 2021 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | *10* | | 6,496 | | 6,360 |
| **Current assets** | | | | | |
| Stocks | *11* | 3,014 | | 1,896 | |
| Debtors | *12* | 8,544 | | 7,162 | |
| Cash at bank and in hand | | 2,506 | | 3,316 | |
| | | 14,064 | | 12,374 | |
| **Creditors:** amounts falling due within one year | *13* | (8,216) | | (7,247) | |
| **Net current assets** | | | 5,848 | | 5,127 |
| **Total assets less current liabilities** | | | 12,344 | | 11,487 |
| **Provisions for liabilities** | | | | | |
| Deferred tax liability | *14* | (919) | | (654) | |
| | | | (919) | | (654) |
| **Net assets** | | | 11,425 | | 10,833 |
| **Capital and reserves** | | | | | |
| Called up share capital | *16* | | - | | - |
| Profit and loss account | | | 11,425 | | 10,833 |
| **Shareholders' funds** | | | 11,425 | | 10,833 |

These financial statements were approved by the board of directors on 28 September 2022 and were signed on its behalf by:

DocuSigned by:
Mr. Antonio Baldassarra
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**A Baldassarra**

*Director*

Company registered number: 01643349

## Statement of changes in equity

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|---|---|---|---|
| Balance at 1 April 2020 | - | 11,123 | 11,123 |
| Total comprehensive income for the period | | | |
| Loss for the year | - | (290) | (290) |
| **Balance at 31 March 2021** | - | 10,833 | 10,833 |

| | Called up share capital £000 | Profit and loss account £000 | Total Equity £000 |
|---|---|---|---|
| Balance at 1 April 2021 | - | 10,833 | 10,833 |
| Total comprehensive income for the period | | | |
| Profit for the year | - | 1,322 | 1,322 |
| Transactions with owners, recorded directly in equity | - | (730) | (730) |
| Dividends | | | |
| **Balance at 31 March 2022** | - | 11,425 | 11,425 |

# Notes
*(forming part of the financial statements)*

## 1. Accounting policies

Greene, Tweed & Co. Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in September 2015. The amendments to FRS 102 issued in March 2018 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is part of a group within which all companies are wholly owned. The Company has therefore adopted the following disclosure exemptions under FRS 102 within its individual accounts:

- The requirement to present a statement of cash flows and related notes
- The requirement to disclose the number of shares outstanding between the beginning and end of the period
- The requirement to make financial instrument disclosures
- The requirement to disclose transactions with related parties

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.13.

### *1.1. Measurement convention*

The financial statements are prepared on the historical cost basis.

### *1.2. Going concern*

The directors have reviewed future trading and cashflow forecasts, including a reverse stress test scenario, for the period to 31 December 2023. The company continues to hold a significant level of cash at bank which, along with cash generated within the business, is forecast to be at a level which the directors consider sufficient along with potential mitigating actions to withstand the impact of any plausible downturn in trade. As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period in excess of 12 months from the approval of the financial statements through to 31 December 2023

Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

### *1.3. Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes *(continued)*

442 **Accounting policies** *(continued)*

### *1.4. Basic financial instruments*

*Trade and other debtors / creditors*

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

*Interest-bearing borrowings classified as basic financial instruments*

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

### *1.5. Tangible fixed assets*

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

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

| | | |
|---|---|---|
| Motor vehicles | - | 33% |
| Office equipment | - | 14%-33% |
| Plant and machinery | - | 12.5% |
| Freehold buildings | - | 2.5% |

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

### *1.6. Stocks*

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

# Notes *(continued)*

442 **Accounting policies** *(continued)*

### *1.7. Impairment (excluding stocks)*

*Financial assets (including trade and other debtors)*

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

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

*Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

### *1.8. Employee Benefits*

*Defined contribution plans*

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

### *1.9. Turnover*

Turnover represents amounts invoiced by the Company in respect of goods sold during the year, excluding value added tax. Sales of goods are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer, the amount of revenue can be measured reliably, and it is probable that the economic benefits of the transaction will flow to the Company.

## Notes *(continued)*

442 **Accounting policies** *(continued)*

### *1.10. Expenses*

*Operating lease*

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

*Interest receivable and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

### *1.11. Taxation*

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### *1.12. Government grants*

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

### *1.13. Accounting estimates and judgements*

*Key sources of estimation uncertainty*

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates, and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

## Notes *(continued)*

**1 Accounting policies** *(continued)*

*1.13 Accounting estimates and judgements (continued)*

*Critical accounting judgements in applying the Company's accounting policies*

***Write-down of inventories to net realisable value***

The Company writes down inventories to net realisable value based on an estimate of the realisable value of inventories. Write-downs are recorded where events or changes in circumstances indicate that the amounts initially recorded may not be realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimates have been changed.

***Provisions***

The Company has recognised provisions for impairment of inventories, impairment of trade receivable and income tax in its financial statements which required management to make judgements. The judgements, estimates, and associated assumptions necessary to calculate these provisions are based on a combination of Company policies, historical experience and other reasonable factors.

## 2. Turnover

The analysis of turnover by geographical area is as follows:

| | 2021<br>£000 | 2021<br>£000 |
|---|---|---|
| United Kingdom | 14,156 | 11,340 |
| Western Europe | 11,229 | 10,036 |
| Asia | 3,026 | 2,367 |
| USA | 1,259 | 574 |
| Rest of the World | 3,441 | 2,541 |
| | 33,111 | 26,858 |

All turnover is attributable to the Company's principal activity.

## 3. Other operating income

| | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| Government grants | 5 | 271 |
| | 5 | 271 |

Government grants have been received in terms of the UK Government's Coronavirus Job Retention Scheme.

## Notes *(continued)*

## 4. Operating Profit/(loss) and auditor's remuneration

Profit/(loss) for the year is stated after charging/(crediting) the following:

| | **2022 £000** | **2021 £000** |
|---|---|---|
| Depreciation | 497 | 462 |
| Gain on sale of fixed assets | (75) | (5) |
| Operating lease rentals | 2 | 17 |
| *Auditors remuneration:* | | |
| - audit of these accounts | 41 | 37 |
| - other services | 26 | 29 |

The amount of foreign exchange gain recognised in the year is £110,000 (2021: loss of £320,000).

## 5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

| | **Number of employees 2022** | **2021** |
|---|---|---|
| Management | 17 | 10 |
| Administration | 35 | 38 |
| Production | 84 | 88 |
| | 136 | 136 |

The aggregate payroll costs of these persons were as follows:

| | **2022 £000** | **2021 £000** |
|---|---|---|
| Wages and salaries | 5,852 | 5,259 |
| Social security costs | 728 | 621 |
| Contributions to defined contribution plans (note 15) | 436 | 387 |
| | 7,016 | 6,267 |

## Notes *(continued)*

### 6. Directors' remuneration

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Directors' remuneration | 115 | 102 |
| Company contributions to money purchase pension plans | 11 | 11 |

| | Number of directors 2022 | 2021 |
|---|---|---|
| Retirement benefits are accruing to the following number of directors under: | | |
| Money purchase schemes | 1 | 2 |

Certain directors are also directors and officers of a number of companies within the group. These directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their services to the company for the current year or the prior year.

### 7. Other interest receivable and similar income

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Bank deposit interest | 7 | 8 |
| Total other interest receivable and similar income | 7 | 8 |

### 8. Interest payable and similar expenses

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Interest payable on loan from group undertakings | 106 | 119 |
| Total interest payable and similar expenses | 106 | 119 |

## Notes *(continued)*

## 9. Taxation

| | 2022 £000 | 2021 £000 |
|---|---|---|
| *Current tax* | | |
| Current tax on income for the period | 110 | - |
| Adjustments in respect of prior periods | - | (34) |
| **Total current tax** | **110** | **(34)** |
| *Deferred tax (note 14)* | | |
| Origination and reversal of timing differences | 225 | (42) |
| Adjustment in respect of previous periods | 22 | - |
| Change in tax rate | 221 | - |
| **Total deferred tax** | **468** | **(42)** |
| **Total tax (credit)/expense** | **578** | **(76)** |

**Reconciliation of effective tax rate**

| | 2022 £000 | 2021 £000 |
|---|---|---|
| (Loss)/profit for the year | 1,322 | (290) |
| Total tax (credit)/expense | 578 | (76) |
| (Loss)/profit excluding taxation | 1,900 | (366) |
| Tax using the UK corporation tax rate of 19.0% (2021: 19.0%) | 361 | (70) |
| Fixed asset differences | - | 30 |
| Expense not deductible for tax | 3 | - |
| Tax rate differential | 221 | - |
| Adjustment in respect of previous years | 22 | (15) |
| Other temporary differences | - | (21) |
| Super deduction related to capital expenditure | (29) | - |
| Total tax (credit)/expense included in profit or loss | 578 | (76) |

In his budget on 3 March 2021, the Chancellor of the Exchequer confirmed that the UK corporation tax rate would remain at 19% on 1 April 2021 and it was announced that the rate of corporation tax will increase to 25% from 1 April 2023. On this basis the deferred tax closing balance has been calculated at a rate of 25% (2021: 19%).

## Notes *(continued)*

## 10. Tangible fixed assets

| | Freehold land and buildings £000 | Motor vehicles £000 | Office Equipment £000 | Plant and machinery £000 | Assets Under Construction £'000 | Total £000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at 1 April 2021 | 6,688 | 7 | 2,005 | 6,299 | 478 | 15,477 |
| Additions | 55 | - | 41 | 321 | 242 | 659 |
| Disposals | - | - | (26) | (442) | - | (468) |
| Transfers | - | - | - | 47 | (47) | - |
| Balance at 31 March 2022 | 6,743 | 7 | 2,020 | 6,225 | 673 | 15,668 |
| **Depreciation and impairment** | | | | | | |
| Balance at 1 April 2021 | 2,276 | 7 | 1,764 | 5,070 | - | 9,117 |
| Depreciation charge for the year | 145 | - | 74 | 278 | - | 497 |
| Disposals | - | - | - | (442) | - | (442) |
| Balance at 31 March 2022 | 2,421 | 7 | 1,838 | 4,906 | - | 9,172 |
| Net book value | | | | | | |
| At 31 March 2022 | 4,322 | - | 182 | 1,319 | 673 | 6,496 |
| At 31 March 2021 | 4,412 | - | 241 | 1,229 | 478 | 6,360 |

Within freehold land and buildings is £885,160 for land on which no depreciation is provided.

At the year-end, the Company's bankers had registered a fixed and floating charge over all assets and had given guarantee to HMRC to cover the Company's import activities. The ultimate parent of the Company (note 20) has provided a guarantee to the Company regarding this relationship.

## 11. Stocks

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Raw materials and consumables | 839 | 612 |
| Work in progress | 242 | 247 |
| Finished goods | 1,933 | 1,037 |
| | 3,014 | 1,896 |

## Notes *(continued)*

## 12. Debtors

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Trade debtors | 6,849 | 5,401 |
| Amounts owed by group undertakings | 1,547 | 1,204 |
| Other debtors | 3 | 29 |
| Corporation tax | - | 24 |
| Prepayments and accrued income | 145 | 301 |
| Deferred tax assets (note 14) | - | 203 |
| | 8,544 | 7,162 |

The amount owed by group undertakings is interest free and payable in line with group payment terms.

## 13. Creditors: amounts falling due within one year

| | 2022 £000 | 2021 £000 |
|---|---|---|
| Trade creditors | 516 | 359 |
| Amounts owed to group undertakings | 6,212 | 5,903 |
| Taxation and social security | 370 | 141 |
| Other creditors | 90 | 52 |
| Accruals and deferred income | 1,017 | 792 |
| Corporation Tax | 11 | - |
| | 8,216 | 7,247 |

The amount owed to group undertakings includes a loan balance of £2,710 and interest is charged at a rate of EURIBOR plus 3.75%. The remaining balance owed to group undertakings is interest free and payable in line with group payment terms.

## 14. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Accelerated capital allowances | - | - | 938 | 654 | 938 | 654 |
| Carried forward tax losses | - | (175) | - | - | - | (175) |
| Other | (19) | (28) | - | - | (19) | (28) |
| Deferred tax (assets) / liabilities | (19) | (203) | 938 | 654 | 919 | 451 |

## Notes *(continued)*

## 15. Pensions

**Defined contribution plans**

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £436,000 (2021: £383,000).

## 16. Capital and reserves

**Share capital**

| | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| *Allotted, called up and fully paid* | | |
| 100 ordinary shares of £1 each | - | - |
| | - | - |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## 17. Operating leases

Non-cancellable operating lease rentals are payable as follows:

| | 2022<br>£000 | 2021<br>£000 |
|---|---|---|
| Less than one year | 2 | 1 |
| Between one and five years | 10 | - |
| | 12 | 1 |

## 18. Related Parties

The Company has taken advantage of the exemption under FRS 102.33.1A from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

## 19. Subsequent events

No matters or circumstances of importance have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations or results of the company.

## 20. Ultimate parent company and parent company of larger group

The ultimate parent and controlling party is GT Global Holdings Inc., a company incorporated in the United States of America.

The immediate parent company is Greene, Tweed Holdings International BV.

The largest group in which the results of the Company are consolidated is that headed by GT Global Holdings Inc., incorporated in the United States of America and the consolidated financial statements of this company can be obtained from 1105 North Market Street, Suite 1300, Wilmington, DE 19801, USA.