Greene, Tweed & Co. Limited

Strategic report, directors' report, and financial statements

Registered number 01643349

31 March 2023

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Contents

Company information

Directors	K Lukiewski (resigned 31 December 2022) J Midwinter A Baldassarra A Bloch
Secretary	P O'Brien
Registered address	Mere Way Ruddington Fields Ruddington Nottingham NG11 6JS
Registered number	01643349
Auditor	Ernst & Young LLP No. 1 Colmore Square Birmingham B4 6HQ

Strategic report

Greene, Tweed & Co. Limited (or "the Company") is part of the Greene Tweed Group (or "the Group") headed by GT Global Holdings Inc. The Greene Tweed Group manufactures and sells high performance sealing elements and composites. The Group's sales are to customers in the Aerospace, Defence, Energy, Life Sciences and Semiconductor industries. Approximately 54% 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:

	2023	2022
	£000	£000
Profit for the financial year after taxation	**2,508**	1,322

During the year we caught up and delivered the majority of overdue sales orders which helped increase turnover by 21.7%. This was driven mainly by Sealing Systems and Seal Connect, which corresponds to a strong growth in the Energy and Aerospace sectors. Additionally, we introduced a price increase to our customers during FY23, but due to challenges with recruitment timing, productivity and foreign exchange movements, we saw a reduction in our gross margin by 1.3% to 24%.

Despite continuous challenges in recruitment during the year, we have increased our production headcount. This is to ensure we continue to operate at full capacity. Additionally, this will enable us to successfully facilitate the continued transition of manufacturing of certain Structural Engineering Components (SEC) from Houston. This transition began in the second half of FY23, and will be completed through FY24. Our operating expenses have been tightly controlled and so year on year we saw a minimum increase.

Due to supply chain issues during the year, our main Mould shop capex project was further delayed. This is now due to be completed in calendar year 2023. This delay in the project has mitigated the reduction of cash year on year.

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. We anticipate further revenue growth, that will come from the SEC manufacturing transition. Additionally, we are excited to be working on our Solar Panel capex project.at our manufacturing facility which is expected to be implemented in the next 12 months. This will enable us to make a positive environmental impact.

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

Post year-end, one of our strategic customers announced bankruptcy. Despite this we still expect year on year revenue growth in FY24.

We continue seeing the impact of Russia/Ukraine conflict in supply chain, both in terms of sourcing and cost increase.

Additionally, we continue facing challenges in hiring due to the fast pace of the current recruitment market.

Neither of these events are having significant impact on the company performance, in addition the Management team review this on a regular basis to ensure the necessary measures are in place to mitigate any risks.

Streamlined Energy and Carbon Reporting (SECR)

The below disclosures are in accordance with the widely recognised independent standard; *GHG Reporting Protocol – Corporate Standard.* Usage data is based on the actual meter readings as detailed on the invoices from the respective energy suppliers. Associated greenhouse gas emissions are calculated using the UK government's 2023 greenhouse gas reporting conversion factor: 0.207074 kg CO2e per kWh. The intensity ratio of kWh per £000 of turnover has been chosen due to the regularity of use across other businesses, which aids in the comparability of the data.

Usage	**2023 kWh**	2022 kWh
Electricity	**1,592,442**	1,521,452
Gas	**166,137**	145,773

Associated greenhouse gas emissions	**2023 kg CO2e**	2022 kg CO2e
Electricity	**329,754**	315,054
Gas	**34,403**	30,186

Intensity ratio (kWh per £000 of turnover)	**2023**	2022
Electricity	**8.18**	9.52
Gas	**0.85**	0.91

During this financial year, a global Health, Safety & Environment program has been initiated, which includes focus on addressing environmental issues surrounding our organisation, such as energy efficiency. As part of this, plans have been put in place for this UK entity to achieve the internationally recognised ISO 14001 Environmental Management system certification in the upcoming year. The appraisal of a project to install solar panels on the roof of our manufacturing facility has also been completed, with plans to execute this capital investment within the next 12 months.

Section 172(1) statement

Greene, Tweed & Co. Limited is defined as a large company due to annual turnover of more than £36m, and gross assets exceeding £18m. Therefore we are required to include a section 172(1) statement, explaining how directors have had regard to the matters set out in Section 172(1)(a)-(f) of the Companies Act 2006. This statement is broken down into two sections below; Stakeholder engagement, and Principal decisions.

Extract from Companies Act 2006; 'Duty to promote the success of the company';

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to;

a) the likely consequences of any decision in the long-term;

b) the interests of the company's employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of the company's operations on the community and the environment;

e) the desirability of the company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the company.

Stakeholder engagement

Key stakeholders for Greene, Tweed & Co. Limited are typical of many large companies, and have been identified as; shareholders, employees, customers, suppliers, and the environment.

Beginning with shareholders, it is important to engage with them for a number of reasons. It is important that shareholders see an adequate return on their investments to ensure that they wish to continue to invest going forward, which ensures the long-term sustainability of the Company. Company goals must be aligned with the shareholders expectations in order to achieve this. The extensive annual planning process for the whole Greene Tweed Group is the main way in how these are aligned, whereby a consolidated profit and loss for the upcoming year is presented as the board plan for the upcoming financial year.

Employees are crucial to the success of the Company. They are the ones who design, manufacture, and sell our products. Without this highly skilled resource the business would not function, hence why it is of great importance to engage with employees to maintain positive relationships with them. Job satisfaction, compensation, and job security are all factors which are considered when thinking about the morale and motivation of our employees. Specifically, regarding compensation, the Greene Tweed Group offers an annual incentive plan to employees, whereby employees receive a bonus at the end of each financial year. This bonus is equally dependent on both individual employee performance, and the Groups corporate performance. Quarterly communication meetings are carried out both globally and locally, where key activities are spoke about to assist with employee engagement and align the workforce with corporate objectives.

Naturally, without customers there would be no viable business. If we do not satisfy customers' needs continuously, our customers could take their business elsewhere. In our industry, their needs are not just cost driven, but quality of the products are of great importance. In the aerospace sector for example, landing gear failure is simply not an option. Our customers want to purchase high-quality goods at competitive prices, with reasonable and reliable lead times. Our commercial team, including sales representatives and sales support have regular dealings with our existing customers in order to have awareness of any issues that arise. A key challenge over the past year has been on time delivery to customers, driven by supply chain issues which is elaborated on below. Early awareness and management of customers' expectations was important to preserve our good relationships with them.

Reliable supply of raw materials is an essential part of ensuring our manufacturing operations can operate at optimum efficiency, driving costs down as well as providing on time delivery to our customers. As mentioned above, supply chain issues were a challenge throughout the year, attributable to the fallout from the coronavirus pandemic, and the ongoing conflict between Russia and Ukraine. Our supply chain department continue to engage with suppliers in order to gain an understanding of any potential issues as early as possible, so they can be addressed, and any potential impact more easily mitigated.

The corporate social responsibility regarding the environment continues to be a growing topic across the world. During this financial year, a global Health, Safety & Environment program has been initiated, which includes focus on addressing environmental issues surrounding our organisation, such as energy efficiency. As part of this, plans have been put in place for this UK entity to achieve the internationally recognised ISO 14001 Environmental Management system certification in the upcoming year. The appraisal of a project to install solar panels on the roof of our manufacturing facility has also been completed, with plans to execute this capital investment within the next 12 months.

Principal decisions

A decision that is made every year is that of the payout of the annual incentive plan to our employees. Whilst half of this annual bonus is dependent on individual performance, the other half is dependent on the Group's performance for the financial year with the percentage being decided upon by the board of directors. The decision for this year was that the corporate allocation of the bonus would be 92% of the target level. This was below the full target value due to the fact that the Group fell short of the targets set out in the original board plan shared with our shareholders for the financial year end 31st March 2023. Despite this it is still important to recognise and reward the influence of employees on the successful year. This maintains positive morale and motivation, retaining our highly skilled workforce to achieve the long-term success and sustainability of our Company.

For the first time in many years, we implemented a sales price increase to customers effective from orders placed from 1st September 2022. The average percentage increase was around 16%. General inflationary pressures and cost increases of our raw materials justify the sales price increase onto our customers. Our sales prices are still competitive and in line with the market after the increase. Nevertheless, our continuous improvement culture is still driving cost reductions through more efficient processes to ensure we can remain competitive in our sales pricing, and mitigate the impact of any increased costs in the future.

Specific to Greene, Tweed & Co. Limited, the decision to transition the manufacturing of certain Structural Engineering Components (SEC) from Houston. A number of factors led to this, including manufacturing capacity, cost savings, improvements in quality, and logistics. The site in Houston had capacity constraints and the opposite was the case in our site in the United Kingdom. Products were chosen for transfer based on the capabilities already available in the United Kingdom facility, as well as where there is opportunity to further improve manufacturing processes and the quality of the finished goods, by utilising the available machinery and expertise already on site. From a logistical perspective this decision also makes sense, as most of the customers of these products are across Europe and Asia. Having the manufacturing facility closer to the end customer, along with aligning global capacity will facilitate improved lead times to our customers.

DocuSigned by:

Jeremy Midwinter

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J Midwinter

Director

Dated: 18 September 2023

Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 March 2023.

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 Lukiewski (resigned 31 December 2022)
J Midwinter
A Baldassarra
A Bloch

Dividend Payment

No dividends were paid during the year (2022: £730,000).

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 2024. The company continues to hold a sufficient 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 2024.

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 (2022: £nil).

Auditor

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

DocuSigned by:
Jeremy Midwinter
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J Midwinter

Director

Dated: 18 September 2023

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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 they ought to have taken as 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 (or "the Company") for the year ended 31 March 2023 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 22, 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" ("FRS 102") (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 2023 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 2024.

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.

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 on page 7, 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 reporting framework (FRS 102, and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates, notably in the UK. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee, data protection, climate and environmental and bribery corruption practices;

- 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, how it maintains and communicates its policies and procedures in these areas and reports any instance of non-compliance. We corroborated our enquiries through our review of Board minutes and noted that there was no contradictory evidence;

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered performance targets and the potential incentives or opportunities to manage earnings. We considered the processes and controls that the entity has established to address identified risks, or that otherwise prevent or detect fraud; and how management monitors those processes and controls. We considered the possibility of fraud through management override and, in response, we incorporated data analytics across manual journal entries, in particular in respect of adjustments to revenue, into our audit approach. Where unusual results or anomalies were identified through our data analytics, we performed additional audit procedures to address each identified risk. These procedures included testing transactions back to source information and were designed to provide reasonable assurance that the financial statements were free from material fraud or error;

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing details of journal entries which met our defined risk criteria based on our understanding of the business, enquiries of management, and enquiries of the existence of whistleblowing events during the year; and

- We did not identify any instances of non-compliance with laws and regulations that, in our opinion, could have an impact on the financial statements that would be more than inconsequential.

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.

DS
Ernst & Young LLP

Nicholas Pritchard (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham, UK
18 September 2023

Profit and loss account
for year ended 31 March 2023

	Note	2023 £000	2022 £000
Turnover	2	**40,304**	**33,111**
Cost of sales		(30,645)	(24,753)
Gross profit		**9,659**	**8,358**
Administrative expenses		(6,494)	(6,364)
Other operating income	3	-	5
Operating Profit	4	**3,165**	**1,999**
Other interest receivable and similar income	7	9	7
Interest payable and similar expenses	8	(47)	(106)
Profit before taxation		**3,127**	**1,900**
Tax on profit	9	(619)	(578)
Profit for the financial year		**2,508**	**1,322**

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 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Tangible assets	*10*		7,837		6,496
Current assets					
Stocks	*11*	4,225		3,014	
Debtors	*12*	11,050		8,544	
Cash at bank and in hand		464		2,506	
		15,739		14,064	
Creditors: amounts falling due within one year	*13*	(6,702)		(8,216)	
Net current assets			9,037		5,848
Total assets less current liabilities			16,874		12,344
Creditors: amounts falling due after one year	*14*	(1,643)		-	
Provisions for liabilities					
Deferred tax liability	*15*	(1,298)		(919)	
			(2,862)		(919)
Net assets			13,933		11,425
Capital and reserves					
Called up share capital	*17*		-		-
Profit and loss account			13,933		11,425
Shareholders' funds			13,933		11,425

These financial statements were approved by the board of directors on 18 September 2023 and were signed on its behalf by:

DocuSigned by:

Jeremy Midwinter

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J Midwinter

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 2021	-	10,833	10,833
Total comprehensive income for the period			
Profit for the year	-	1,322	1,322
Dividends paid	-	(730)	(730)
Balance at 31 March 2022	-	11,425	11,425

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2022	-	11,425	11,425
Total comprehensive income for the period			
Profit for the year	-	2,508	2,508
Balance at 31 March 2023	-	13,933	13,933

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"*). 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 1.14.

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 2024. The company continues to hold a sufficient 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 2024.

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)*

1 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.

1.7. Cash at bank and in hand

Cash include cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash deposits with an original maturity in excess of three months are classified as other financial assets.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8. 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 it's 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 it's 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.

1.9. 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.

1.10. 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)*

1 Accounting policies *(continued)*

1.11. 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.

1.12. Taxation

Tax on the profit or loss for the year comprises of 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.

1.13. 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.

1.14. 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:

	2023 £000	2022 £000
United Kingdom	17,126	14,156
Western Europe	13,633	11,229
Asia	2,893	3,026
USA	1,575	1,259
Rest of the World	5,077	3,441
	40,304	33,111

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

3. Other operating income

	2023 £000	2022 £000
Government grants	-	5
	-	5

Government grants in 2022 related to the UK Government's Coronavirus Job Retention Scheme.

Notes *(continued)*

4. Operating Profit and auditor's remuneration

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

	2023 £000	2022 £000
Depreciation	607	497
Loss/(gain) on sale of fixed assets	161	(75)
Operating lease rentals	16	2
Auditors' remuneration:		
- audit of these accounts	48	41
- other services	20	26

The amount of foreign exchange gain recognised in the year is £125,000 (2022: £110,000).

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 2023	2022
Management	16	17
Administration	35	35
Production	89	84
	140	136

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	6,449	5,852
Social security costs	756	728
Contributions to defined contribution plans (note 16)	506	436
	7,711	7,016

Notes *(continued)*

6. Directors' remuneration

	2023 £000	2022 £000
Directors' remuneration	131	115
Company contributions to money purchase pension plans	13	11

	Number of directors 2023	2022
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

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. Therefore, the above renumeration pertains to one director only for the current year and the prior year.

7. Other interest receivable and similar income

	2023 £000	2022 £000
Bank deposit interest	9	7
Total other interest receivable and similar income	9	7

8. Interest payable and similar expenses

	2023 £000	2022 £000
Interest payable on loan from group undertakings	47	106
Total interest payable and similar expenses	47	106

Notes *(continued)*

9. Taxation

	2023 £000	2022 £000
Current tax		
Current tax on income for the period	227	110
Adjustments in respect of prior periods	14	-
Total current tax	**241**	**110**
Deferred tax (note 15)		
Origination and reversal of timing differences	362	225
Adjustment in respect of previous periods	16	22
Change in tax rate	-	221
Total deferred tax	**378**	**468**
Total tax expense	**619**	**578**

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	2,508	1,322
Total tax expense	619	578
Profit excluding taxation	3,127	1,900
Tax using the UK corporation tax rate of 19.0% (2022: 19.0%)	595	361
Tax rate differential	87	221
Adjustment in respect of previous years	30	22
Super deduction related to capital expenditure	(123)	(29)
Expenses not deductible	30	3
Total tax expense included in profit or loss	619	578

At 31 March 2023 the current rate of corporation tax was 19%. As per the Finance Act 2023, the UK corporation tax rate was increased to 25%, effective 1 April 2023. As a result, the deferred tax closing balance has been calculated at a rate of 25% (2022: 25%).

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 2022	6,743	7	2,020	6,225	673	15,668
Additions	38	-	182	1,328	561	2,109
Disposals	-	(7)	(1,060)	(1,541)	-	(2,608)
Transfers	30	-	-	624	(654)	-
Balance at 31 March 2023	6,811	-	1,142	6,636	580	15,169
Depreciation and impairment						
Balance at 1 April 2022	2,421	7	1,838	4,906	-	9,172
Depreciation charge for the year	148	-	72	387	-	607
Disposals	-	(7)	(1,060)	(1,380)	-	(2,447)
Balance at 31 March 2023	2,569	-	850	3,913	-	7,332
Net book value						
At 31 March 2023	4,242	-	292	2,723	580	7,837
At 31 March 2022	4,322	-	182	1,319	673	6,496

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 222) has provided a guarantee to the Company regarding this relationship.

11. Stocks

	2023 £000	2022 £000
Raw materials and consumables	1,601	839
Work in progress	375	242
Finished goods	2,249	1,933
	4,225	3,014

Notes *(continued)*

12. Debtors

	2023 £000	2022 £000
Trade debtors	8,524	6,849
Amounts owed by group undertakings	2,032	1,547
Other debtors	4	3
Corporation tax	141	-
Prepayments and accrued income	349	145
	11,050	8,544

The amount owed by group undertakings is interest free with no fixed repayment date but the Directors expect these amounts to be settled within one year.

13. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	821	516
Amounts owed to group undertakings	4,137	6,212
Taxation and social security	428	370
Other creditors	114	90
Accruals and deferred income	1,202	1,017
Corporation Tax	-	11
	6,702	8,216

The amount owed to group undertakings includes a loan balance of £215,000 (2022: £2,710,000) and interest is charged at a rate of EURIBOR plus 3.75%. The remainder is interest free with no fixed repayment date but the Directors expect these amounts to be settled within one year.

Pension contributions totalling £61,000 (2022 - £59,000) were outstanding at the balance sheet date and are included in accruals and deferred income.

14. Creditors: amounts falling due after one year

	2023 £000	2022 £000
Amounts owed to group undertakings	1,643	-
	1,643	-

The amount owed to group undertakings includes a loan balance of £1,643,000 (2022: nil) and interest is charged at a rate of EURIBOR plus 3.75%.

Notes *(continued)*

15. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Accelerated capital allowances	-	-	1,298	938	1,298	938
Other	-	(19)	-	-	-	(19)
Deferred tax (assets) / liabilities	-	(19)	1,298	938	1,298	919

16. 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 £506,000 (2022: £436,000).

17. Capital and reserves

Share capital

	2023 £000	2022 £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.

18. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2023 £000	2022 £000
Less than one year	9	2
Between one and five years	12	10
	21	12

Notes *(continued)*

19. Capital commitments

Amounts contracted for but not provided in the financial statements at 31 March 2023 were £703,000.

20. 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.

21. 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.

22. 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.