

**Semelab Limited**

**Annual report and financial statements**

Registered number 06649272

31 December 2021



## **Contents**

Strategic report	2
Directors' report	5
Statement of directors' responsibilities in respect of the annual report and the financial statements	6
Independent auditor's report to the members of Semelab Limited	7
Profit and Loss Account and Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes	14

## **Strategic report**

The directors present their Strategic Report for the year ended 31 December 2021.

### **Business Review and future developments**

Semelab Limited's (the "Company's") core business is the manufacture of high-performance electronic components for specialist markets.

The Company specialises in high reliability custom packaging components for critical applications and offer a wide product portfolio including discrete semiconductors, power modules and RF transistors. Products are typically used in key applications including actuation, control systems, power generation and distribution.

The Company is a component of the group of companies headed by TT Electronics plc (the "Group"). Further details of the objectives and future developments for the Group are disclosed in the TT Electronics plc Group consolidated financial statements for the year ended 31 December 2021 (note 20).

On 3 June 2020 it was announced that operations at the Lutterworth site would cease with the core business being transferred to another TT Electronics plc site. Operations continued at the location until the end of 2021, to allow completion of customers' final orders and undertake production line transfers. Trading ceased early in 2022 with the intention that the company will become dormant. For that reason, these financial statements have been prepared on a basis other than going concern.

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

The directors regularly review the risks facing the business and take appropriate action to manage these. The principal external risks to the business include ongoing advances in technologies, global price competition, economic conditions and security of supply of certain components. The Company manages and mitigates these risks by continuously developing its technical capabilities, including research projects and also by supplying a wide range of customers, territories and applications so as to avoid excessive dependence upon any one. However, the Company is facing significant challenges with legacy programmes declining in revenue and being unable to secure significant new business opportunities to offset. This risk has been magnified by the impact of COVID-19 on the end markets for the Company's products.

Lean Six Sigma manufacturing programs are carried out to drive continual improvement in efficiency and the Company continues to maintain industry recognised quality standards. The Company is accredited with the ISO14001 environmental accreditation and is also actively involved in the TT Electronics plc group UK Carbon Commitment program. The Company continues to promote the health and safety culture by greater participation of employees in risk assessments and training.

The Company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and these are summarised below. The policies have remained unchanged from previous periods.

#### ***Interest rate risk***

The Company finances its operations through a mixture of retained profits, inter-company accounts and cash. The Company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

#### ***Liquidity risk***

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts.

#### ***Currency risk***

The Company is exposed to transaction and translation foreign exchange risk. Transaction exposures will be hedged when known, mainly using the forward hedge market.

#### ***Brexit risk***

No major impact has been identified following the UK leaving the EU, on either sales or purchases.

## Strategic report (continued)

### COVID-19 risk

The directors are currently monitoring the risk of COVID-19 has on market conditions as well as workforce well-being. COVID-19 has had a devastating impact on the commercial aerospace market and a downturn was experienced across many of the markets in which the Company operates, notwithstanding the impact of last time buys and bridging orders placed by customers. New ways of working have been employed on site to minimise close contacts and reduce risk to employees.

### Results and dividends

#### Results

The key performance indicators during the year were as follows:

	2021 £000	2020 £000	Change £000
<b>Financial</b>			
Turnover	15,677	12,264	3,413
Gross profit	3,888	3,281	607
Operating profit / (loss)	2,184	(144)	2,328
Profit / (loss) before tax	2,082	(902)	2,984
Profit / (loss) after tax	2,029	(1,248)	3,277
<b>Other</b>			
Average number of employees	98	103	(5)

The full results for the year are shown in the profit and loss account on page 11.

Revenue increased due to last time buys and customer bridging orders used to cover the gap in production whilst processes and equipment transfer along with sales of materials and finished goods to the receiving site at zero margin, sales totalled £15,677,000 (2020: £12,264,000), and gross margin declined from 27% to 25% mainly due to product mix changes and intergroup sales at zero margin. The profit for the year, after taxation, amounted to £2,029,000 (2020: £1,248,000 loss), this was driven by the increased revenue and reducing fixed costs. Impairment costs have been recognised in the profit and loss account of £95,000 (2020: £1,801,000). The average number of employees fell by 5 as people left before the closure of the site, and a significant portion of the manufacturing team left early December.

#### Dividends

The directors do not recommend the payment of a dividend (and no dividend was paid) in respect of the year ended 31 December 2021 (2020: £nil).

#### Corporate responsibility

The Group's corporate sustainability strategy and performance is published on its website at [www.ttelectronics.com](http://www.ttelectronics.com).

A summary of the year's activities is included in the TT Electronics plc consolidated financial statements for the year ended 31 December 2021, which is available on the Group's website:

<http://www.ttelectronics.com/investor-overview>.

## Strategic report (continued)

### S172 Statement

Under Section 172 of the Companies Act 2006, Directors are required to promote the success of the Company for the benefit of its shareholders and, in doing so, to have regard to the interests of all of our other stakeholders.

The board of directors of Semelab Limited consider, both individually and together, that they have acted 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 (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2021.

The board of directors work to identify the key stakeholders that are impacted by the Company's activities throughout the year and have identified the activities through which the board can either directly or indirectly (through senior management or the wider group's engagement) engage with these stakeholders. The key stakeholders identified are: customers, suppliers, employees, local community and the TT Electronics Group. During 2021, engagement activities with the Company's stakeholders included:

- Held monthly "All Hands" sessions with employees, covering all aspects of the business including EHS, Quality, Orders, Revenue, Supply Chain, Finance and HR. These sessions were interactive with time for Q&A.
- Conducted an engagement survey which recorded employees' views on key issues. Results were reviewed and feedback provided with actions plans for improvement.
- Continued a "Life After Lutterworth" programme to support employees following the site closure, providing cv and interview skills and engaging other local employers to discuss opportunities available. Group and individual consultations were held with all affected employees
- Communications with both customers and suppliers regarding the plans for transferring the manufacturing activities, included detailed plans for production restart and communicating end of life products
- Supported working with local charities, for example Leicestershire Cares.

The board also confirms that decisions affecting the Company made by the board of directors have been made in consideration of the Company's stakeholders and the information they have provided to the wider group of companies facilitates in decision-making at a divisional or group level with regard to the Group's stakeholders.

Approved by the board of directors on 28 July 2022 and signed on its behalf by:



**S P C Evans**  
Director

Coventry Road  
Lutterworth  
Leicestershire  
LE17 4JB  
United Kingdom

## Directors' report

The directors present their annual report on the affairs of Semelab Limited (the "Company"), together with the audited Financial Statements and the independent auditors' report, for the year ended 31 December 2021.

As permitted by legislation, the following information and disclosures that are required under Company law are included in the Strategic Report and are incorporated into this report by reference:

- Review of the performance and future developments of the Company
- Principal risks and uncertainties
- The amount (if any) that the directors recommend by way of dividend

### Directors

The directors who served during the year and up to the date of signing these Financial Statements, unless otherwise stated, are included in the table below:

<b>Name</b>	<b>Appointed</b>
S P C Evans	09/04/2018
J S Thomas	31/08/2019
B Sutton	21/08/2020

### Directors' remuneration

Directors' remuneration has been disclosed in note 7 to the Financial Statements.

### Qualifying third party indemnity provisions

The ultimate parent (TT Electronics Plc) maintains Directors' and Officers' Liability insurance. The Directors of the Company also benefit from a qualifying third party indemnity provision in accordance with Section 234 of the Companies Act 2006 and the Company's Articles of Association. The ultimate parent has provided a pension scheme indemnity within the meaning of Section 235 of the Companies Act 2006 to Directors of associated companies.

### COVID-19

On 30 January 2020, the World Health Organisation (WHO) announced Coronavirus as a global health emergency. On 11 March 2020, it announced that Coronavirus was a global pandemic. COVID-19 impacted all areas of the operations of the TT Electronics Plc Group ("the Group") of which the Company is a member.

The safety and well-being of the Group's employees, wider communities, customers and partners remains the Group's primary concern and the advice of local authorities around the world is being followed as the situation develops, whilst adopting the most stringent of safety standards possible to minimise the risk from the virus.

All of the Group's facilities, including the Company, have implemented personal protection measures, including additional hygiene and social distancing. The effect on the Company's trading performance from COVID-19 has been relatively modest. The site was not closed and has remained operational, albeit at a lower capacity.

While the Company has not been immune to the impact of COVID-19, the Group's strategy has positioned it well to deal with the challenges raised.

### Share capital

Full details of the Company's issued share capital, including changes during the year, can be found in note 19 to the Financial Statements.

## **Directors' report** *(continued)*

### **Disclosure of information to auditors**

The directors confirm that, as at the date this report was approved, to the best of each director's knowledge and belief, there is no audit information relevant to the preparation of the auditors' report of which the auditors are unaware and each director has taken all the steps which might be expected to be aware of such relevant information and to establish that the auditors are also aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

### **Going concern**

For some time, the Company has faced some significant challenges. Despite efforts to grow the operations, we have been unable to secure significant new business to offset the revenue decline from legacy programmes. This already difficult situation has been made worse by the impact of COVID-19 on our end markets. Our customers and many market commentators are predicting a significant downturn and the outlook for sales into the commercial aerospace segment looks extremely weak. Without action, the business is expected to shrink significantly and move to an unsustainable loss-making position and could no longer be considered to be a going concern. Consequently, an announcement was made on 3 June 2020 that the manufacturing operations of the Company would be closed before the end of 2021.

The manufacturing of some product lines will be transferred to another TT Electronics plc site in order to consolidate operations and improve efficiency whilst others will be outsourced to external partners that can meet our challenging quality requirements. Operations continued at the Company until the end of 2021, allowing completion of customers' final orders and undertake production line transfers. Substantially all sales were completed by the end of 2021, with the site closure activity being completed by end of March 2022 when the site will be returned to the landlords and trade ceased. For that reason, the Company is not a going concern, thus these financial statements have been prepared on a basis other than going concern. For further details see note 1 in the financial statements.

### **Post balance sheet events**

Any post balance sheet events are disclosed in note 21 to these financial statements.

## Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so (as explained in the directors report, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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

The directors of the Company consider that the Annual Report and Financial Statements, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholder to assess the Company's performance, business model and strategy.

Each of the directors, whose names are listed in the Directors' Report, confirms that, to the best of his/her knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of directors on 28 July 2022 and signed on its behalf by:



S P C Evans  
Director

Coventry Road  
Lutterworth  
Leicestershire  
LE17 4JB  
United Kingdom

## **Independent auditor's report to the members of Semelab Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Semelab Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Financial Reporting Council's (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.

#### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 1.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### **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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

## Independent auditor's report to the members of Semelab Limited (cont'd)

### 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.

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

### Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

### Report on other legal and regulatory requirements

#### 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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

## Independent auditor's report to the members of Semelab Limited (cont'd)

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### 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.



Mark Boxall FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Bristol, United Kingdom

28 July 2022

**Profit and Loss Account and Other Comprehensive Income**  
for the year ended 31 December 2021

	2021	2020
	£000	£000
	<i>Note</i>	
<b>Turnover</b>	2	15,677
Cost of sales		(11,789)
		<hr/>
<b>Gross profit</b>		3,888
Selling & distribution costs		(266)
Administrative costs		(1,630)
Other operating income	3	107
		<hr/>
<b>Operating profit / (loss)</b>		2,099
		<hr/>
Other expenses	4	(7)
Impairment of assets	8	(95)
Profit on sale of assets		-
Interest payable and similar charges		-
		<hr/>
<b>Profit / (loss) before tax</b>		1,997
Tax charge on profit / (loss)	9	-
		<hr/>
<b>Profit / (loss) for the financial year</b>		1,997
		<hr/> <hr/>
<b>Other Comprehensive Expense</b>		
Cash flow hedges - effective portion of changes in fair value		(15)
		<hr/>
<b>Total Comprehensive income / (expense) for the year</b>		1,982
		<hr/> <hr/>

All results derive from discontinued operations, further detail on this is provided in note 1.3

The Company has no recognised gains or losses other than the results for the year as set out above.

There is no difference between the profit for the financial year and its historic cost equivalent.

The attached notes form an integral part of the financial statements.

**Balance Sheet**  
at 31 December 2021

	Note	2021	2020
<b>Current assets</b>			
Goodwill	10	-	-
Other intangible assets	10	55	97
Tangible assets	11	327	507
Right of use asset	11	38	167
Investment property – held for sale	12	-	-
Stocks	13	1,813	2,552
Debtors	14	14,334	8,590
Cash at bank and in hand		1,393	4,160
		17,960	16,073
<b>Creditors:</b> amounts falling due within one year	15	(2,554)	(2,075)
Provisions for liabilities	16	(525)	(1,099)
		14,881	12,899
<b>Net current assets</b>		<b>14,881</b>	<b>12,899</b>
<b>Total assets less current liabilities</b>		<b>14,881</b>	<b>12,899</b>
<b>Net assets</b>		<b>14,881</b>	<b>12,899</b>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Share premium account		9,485	9,485
Other reserves		-	15
Profit and loss account		5,396	3,399
		14,881	12,899
<b>Shareholders' funds</b>		<b>14,881</b>	<b>12,899</b>

The attached notes form an integral part of the financial statements.

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



**S P C Evans**  
Director



**B Sutton**  
Director

Company registered number: 06649272

## Statement of Changes in Equity

	Called up share capital £000	Share Premium Account £000	Cash flow hedging reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	-	9,485	57	4,647	14,189
<b>Total comprehensive expense for the year</b>					
Loss for the financial year	-	-	-	(1,248)	(1,248)
Other comprehensive expense	-	-	(42)	-	(42)
Total comprehensive expense for the year	-	-	(42)	(1,248)	(1,290)
<b>Balance at 31 December 2020</b>	-	<b>9,485</b>	<b>15</b>	<b>3,399</b>	<b>12,899</b>
	-	9,485	15	3,399	12,899
	Called up share capital £000	Share Premium Account £000	Cash flow hedging reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	-	9,485	15	3,399	12,899
<b>Total comprehensive income for the year</b>					
Profit for the financial year	-	-	-	1,997	1,997
Other comprehensive expense	-	-	(15)	-	(15)
Total comprehensive (expense) / income for the year	-	-	(15)	2,029	2,014
<b>Balance at 31 December 2021</b>	-	<b>9,485</b>	<b>-</b>	<b>5,396</b>	<b>14,881</b>
	-	9,485	-	5,396	14,881

The attached notes form an integral part of the financial statements.

## Notes

(forming part of the financial statements)

### 1 Accounting policies

Semelab Limited (the "Company") is a private company incorporated, registered and domiciled in England and Wales. The Company's registered number is 06649272 and its registered address is Coventry Road, Lutterworth, Leicestershire, LE17 4JB, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as issued by the FRC, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, TT Electronics Plc includes the Company in its consolidated financial statements. The consolidated financial statements of TT Electronics Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Fourth Floor, St Andrews House, West Street, Woking, Surrey, GU21 6EB.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of TT Electronics Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives;
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets

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 are discussed in note 22.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.1 Change in accounting policy

No changes in accounting policy were undertaken in the current year.

#### 1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

#### 1.3 Going concern

Following the decision to cease trading in early 2022, these financial statements have not been prepared on a going concern basis and instead prepared on a basis other than going concern. All assets have been classified as current and impairment provisions have been taken such that the book value of assets that will not transfer have been written down to nil at the balance sheet date.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies 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 the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

#### 1.6 Derivative financial instruments and hedging

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Tangible fixed assets

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

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. Land is not depreciated. The estimated useful lives are as follows:

- Buildings                      Between 25 and 40 years on cost
- Plant and equipment        Between 3 and 10 years on cost

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.8 Intangible assets and goodwill

##### Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

##### Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

##### Other intangible assets

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

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

##### Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Patents and customer relationships:      18 years.
- Software:    5 years
- Product Development:                          5 years

#### 1.9 Investment property

Investment properties are properties which are held to earn rental. Investment properties are stated at cost less accumulated depreciation.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Stocks

Stocks are stated at the lower of cost and net realisable value and include 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.

#### 1.11 Impairment excluding stocks, investment properties and deferred tax assets

##### *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. 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 investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, ("CGUs"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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 respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, 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 there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.12 Pensions

The Company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the schemes. The assets of the scheme are held separately from those of the Company.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### 1.14 Turnover

The turnover shown in the profit and loss account represents amount invoiced for goods supplied during the period, exclusive of value added tax. Transactions are recorded as sales when delivery of products or performance of services takes place in accordance with contract terms of sale.

#### 1.15 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.16 Financial instruments

##### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.16 Financial instruments (continued)

##### (ii) Classification and subsequent measurement

###### Financial assets

###### (a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

###### (b) Subsequent measurement and gains and losses

*Financial assets at FVTPL* - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

###### Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.16 Financial instruments (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### (iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

## Notes (continued)

### 1.17 Leases

The Company applied IFRS 16 on 1 January 2019, recognising right-of-use assets and lease liabilities for most leases (unless the lease term is 12 months or less or the underlying asset has a low value).

The Company recognises a lease liability at the lease commencement date (or on initial application), measured as the present value of the future lease payments, discounted at the incremental borrowing rate. A corresponding right-of-use asset is recognised separately on the face of the statement of financial position, net of accumulated depreciation and impairment losses. For leases recognised on initial application, the right-of-use asset is initially measured at an amount equal to the initially recognised lease liability. Depreciation of right-of-use assets are recognised on a straight-line basis over the lease term.

The Company has applied judgement to determine the lease term for contracts that include renewal options. The assessment of whether the exercise of such options is reasonably certain impacts the lease term, which significantly affects the amount of lease liability and right-of-use asset recognised.

No lease liability has been recognised in respect of the building right of use asset as the lease was pre-paid as part of the consideration of the sale of the property.

## 2 Turnover

	2021 £000	2020 £000
By geographical market		
UK	5,375	2,641
Rest of Europe	3,553	3,528
North America	3,275	2,063
Rest of World	3,474	4,032
	<u>15,677</u>	<u>12,264</u>
	2021 £000	2020 £000
By activity		
Manufactured	<u>15,677</u>	<u>12,264</u>

## 3 Other operating income

	2021 £000	2020 £000
Government grant income	107	57
	<u>107</u>	<u>57</u>

## 4 Other expenses

	2021 £000	2020 £000
Currency losses - trading	(7)	(136)
	<u>(7)</u>	<u>(136)</u>

## Notes (continued)

### 5 Auditor's remuneration

	2021 £000	2020 £000
Audit of these financial statements	<u>28</u>	<u>25</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, TT Electronics plc. No non-audit service fees have been paid in the year by the Company.

In 2021, a further £13,000 of extra fees were charged in respect of the audit of the financial statements for 2020.

### 6 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	
	2021	2020
Production	90	94
Sales and distribution	3	4
Administration	5	5
	<u>98</u>	<u>103</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	2,991	3,125
Social security costs	247	291
Contributions to defined contribution plans (note 18)	155	169
	<u>3,393</u>	<u>3,585</u>

### 7 Directors' remuneration

The Directors of the Company who are employees of TT Electronics plc (the ultimate parent Company) or other TT Electronic Group companies received no emoluments for their qualifying services to the Company in the period. They predominately perform services for and are remunerated by TT Electronics plc or other TT Electronics Group companies.

The remuneration of other Directors of the Company was as follows:

	2021 £000	2020 £000
Emoluments	<u>166</u>	<u>171</u>

## Notes (continued)

### 8 Impairment of assets

	2021 £000	2020 £000
Impairment of goodwill ( <i>impaired due to ceasing trading at end of 2021</i> )	-	1,593
Impairment of stocks ( <i>inventory lines with no future requirement due to end of life</i> )	95	208
	<u>95</u>	<u>1,801</u>

### 9 Taxation

#### Recognised in the profit and loss account

	2021 £000	2020 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	32
<b>Total current tax</b>	<u>-</u>	<u>32</u>
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	-	59
Changes in tax rate	-	(29)
Adjustment in respect of prior periods	-	284
Total deferred tax	<u>-</u>	<u>314</u>
Tax on profit / (loss) on ordinary activities	<u>-</u>	<u>346</u>

#### Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit / (loss) for the year	1,997	(1,248)
Total tax charge	-	346
Profit / (loss) excluding taxation	<u>1,997</u>	<u>(902)</u>
Tax using the UK corporation tax rate of 19% (2020: 19%)	379	(171)
Items not deductible for tax purposes or income not taxable	7	642
Adjustment to current tax in respect of prior periods	-	32
Group relief for which no payment made	(386)	(412)
Impact on deferred tax arising from changes in tax rates	-	(29)
Adjustment to deferred tax in respect of prior periods	-	284
Total tax charge	<u>-</u>	<u>346</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2021 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. Announcements made in the March 2021 Budget will not affect the Company as it will have ceased trading before the new rate is applicable.

**Notes** (continued)

**10 Intangible assets**

	<b>Patents</b> £000	<b>Customer Relationships</b> £000	<b>Software</b> £000	<b>Product Development</b> £000	<b>Other Intangible assets Total</b> £000	<b>Goodwill</b> £000	<b>Total</b> £000
<b>Cost</b>							
Balance at 1 January 2021	150	1,000	978	230	2,358	1,593	3,951
Balance at 31 December 2021	150	1,000	978	230	2,358	1,593	3,951
<b>Amortisation and impairment</b>							
Balance at 1 January 2021	(150)	(1,000)	(978)	(133)	(2,261)	(1,593)	(3,854)
Amortisation expense	-	-	-	(42)	(42)	-	(42)
Balance at 31 December 2021	(150)	(1,000)	(978)	(175)	(2,303)	(1,593)	(3,896)
<b>Net book value</b>							
At 1 January 2021	-	-	-	97	97	-	97
At 31 December 2021	-	-	-	55	55	-	55

## Notes (continued)

### 11 Tangible fixed assets

	Plant and equipment £000	Right of use buildings £000	Right of use others £000	Total £000
<b>Cost</b>				
Balance at 1 January 2021	3,577	162	28	3,767
Acquisitions	26	-	9	35
Balance at 31 December 2021	<u>3,603</u>	<u>162</u>	<u>37</u>	<u>3,802</u>
<b>Depreciation and impairment</b>				
Balance at 1 January 2021	(3,070)	-	(23)	(3,093)
Depreciation expense for the year	(206)	(129)	(9)	(344)
Balance at 31 December 2021	<u>(3,276)</u>	<u>(129)</u>	<u>(32)</u>	<u>(3,437)</u>
<b>Net book value</b>				
At 1 January 2021	<u>507</u>	<u>162</u>	<u>5</u>	<u>674</u>
At 31 December 2021	<u>327</u>	<u>33</u>	<u>5</u>	<u>365</u>

#### Land and Buildings

The land and buildings were sold to a third party in December 2020 and were leased back at an assumed cost of £162,000 for a period of 15 months.

### 12 Investment property

	2021 £000	2020 £000
Balance at 1 January	-	480
Depreciation	-	(8)
Disposal	-	(472)
Balance at 31 December	<u>-</u>	<u>-</u>

### 13 Stocks

	2021 £000	2020 £000
Raw materials and consumables	963	1,200
Work in progress	267	918
Finished goods	583	434
	<u>1,813</u>	<u>2,552</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £12,025,000 (2020: £8,278,000). The write-down of stocks to net realisable value amounted to £84,000 (2020: £20,000).

An inventory impairment value of £95,000 (2020: £208,000) has been recognised in respect of the net realisable value of inventory that will not be recovered due to the ceasing of trading.

**Notes (continued)**

**14 Debtors**

	2021 £000	2020 £000
Trade debtors	2,421	1,796
Amounts owed by group undertakings (non-interest bearing and payable on demand)	11,861	6,675
Other debtors	-	15
Deferred tax assets (note 18)	-	-
Prepayments and accrued income	52	51
Corporation tax	-	53
	<b>14,334</b>	<b>8,590</b>
Due within one year	<b>14,334</b>	<b>8,590</b>

Group undertakings included above related solely to companies that are wholly owned subsidiaries within the group to which the Company is part of.

**15 Creditors: amounts falling due within one year**

	2021 £000	2020 £000
Trade creditors	918	750
Amounts owed to group undertakings (non-interest bearing and payable on demand)	703	555
Taxation and social security	341	167
Accruals and deferred income	589	603
Other creditors	3	-
	<b>2,554</b>	<b>2,075</b>
	<b>2,554</b>	<b>2,075</b>

Group undertakings included above related solely to companies that are wholly owned subsidiaries within the group to which the Company is part of.

**16 Provisions**

	Warranty £000	Restructuring £000	Total £000
Balance at 1 January 2021	42	1,057	1,099
Charge to income statement	8	85	93
Utilisation of provision during the year	-	(660)	(660)
Release of provision during the year	-	(7)	(7)
	<b>50</b>	<b>475</b>	<b>525</b>
<b>Balance at 31 December 2021</b>	<b>50</b>	<b>475</b>	<b>525</b>

Warranty provision is estimated based on historic trend of value of claims made and value of sales in liable warranty period.

Restructuring provision is for severance costs estimated based on employee salary and length of service. This was paid out as the factory was closed down in Q1 2022.

## Notes (continued)

### 17 Deferred tax

Movement in deferred tax during the year:

	1 January 2021 £000	Recognised in profit or loss £000	31 December 2021 £000
Tangible fixed assets	-	-	-

Movement in deferred tax during the prior year:

	1 January 2020 £000	Recognised in profit or loss £000	31 December 2020 £000
Tangible fixed assets	314	(314)	-

### 18 Employee benefits

#### 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 £155,000 (2020: £169,000).

### 19 Capital and reserves

#### Share capital

	2021 £000	2020 £000
<i>Authorised, allotted, called up and fully paid</i> 48,100 Ordinary shares of 0.01p	-	-

#### Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

## Notes (continued)

### 20 Ultimate parent Company and parent Company of larger group

TT Electronics plc, which is registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. The immediate parent undertaking is TT Electronics Group Holdings Limited. TT Electronics plc heads the largest and smallest group of undertakings for which the Group financial statements are drawn up and of which the Company is a member.

Both TT Electronics plc and TT Electronics Group Holdings Limited have their registered office at:  
Fourth floor, St Andrews House  
West Street  
Woking  
Surrey GU21 6EB

Copies of the annual report and financial statements for TT Electronics plc are available at [www.ttelectronics.com/investors](http://www.ttelectronics.com/investors) or from the Company secretary at the address above.

Copies of the financial statements for TT Electronics Group Holdings Limited are also available from the Company secretary at the address above.

### 21 Subsequent events

No events subsequent to the balance sheet date have occurred that would have a material impact on these financial statements.

### 22 Accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. There were no significant estimates made. The items in the financial statements where these judgments have been made include:

*Basis other than going concern:*

Due to the Company ceasing trading a judgement was taken to change the presentation of the financial statements from a going concern basis to a basis other than going concern. This requires that all assets and liabilities are presented as current.

### 23 Contingent liabilities

The Company is a cross guarantor together with certain other companies within the TT Electronics PLC Group on the Group's main debt facilities.

At 31 December 2021, the total facilities to which the Company is a cross-guarantor amounted to £148.4million (2020: £136.8million)

There was a cross guarantee between certain companies in the group on all bank overdrafts with National Westminster Bank plc. At 31 December 2021 the total borrowings to which the Company is a cross-guarantor amounted to £6,037 (2020: £144,052)