Colchester Machine Tool Solutions Limited
(formerly 600 UK Limited)

Annual Report and Accounts

Registered number 00144979

Year ended 31 March 2022

Contents

Company information
for the Period Ended 31 March 2022

Directors:	J Wright P Dupee (resigned 8 April 22)
Company Secretary:	S Hussain
Registered Office:	Lowfields Way Lowfields Business Park Elland West Yorkshire HX5 9DA
Company Registration Number:	144979
Auditor:	MHA Moore and Smalley Fourth Floor 80 Mosley Street Manchester M2 3FX
Bankers:	HSBC Bank PLC HSBC House, 4th Floor 1 Bond Court Leeds LS1 2JZ

Strategic report

Our business

Fiscal 2022 was a truly transformative year for Colchester Machine Tool Solutions Limited (formerly 600 UK Limited). After almost 70 years of being owned and operated by the 600 Group PLC, it was sold to Timesavers Acquisitions LLC in April 2022. Timesavers Acquisitions LLC are wholly owned by TJM capital partners LLC, a private equity investment firm headquartered in Illinois.

The sale of the company has been a positive move for the business as it allows continued growth and expansion under a parent that shares the same vision to "become the partner of choice for complete manufacturing solutions by providing machinery, industry leading expertise and time saving solutions".

The sale also saw all long-term debt being repaid. The company re-paid the Coronavirus Large Business Interruption Loan Scheme (CLBILS) which loaned £1.2m for 36 months at an annual interest rate of 1.92% and the intercompany loan from 600 Group PLC which had built up to £14.6m was forgiven.

As part of the changes, the company changed its name from 600 UK Limited to Colchester Machine Tool Solutions Limited on 29 September 2022.

Colchester Machine Tool Solutions Limited is a diversified engineering group with a world class reputation in the design, manufacture and distribution of machine tools, precision engineered components and industrial laser systems. There are also spares, accessories and service operations which support the significant number of machines sold. Sales are made worldwide, with a mix of direct sales and distribution in Europe and a network of distributors in other key end-user markets.

Following a 40% fall in activity during the pandemic, the business experienced significant order activity leading to record levels of orderbook. Revenues increased by 23% resulting in an increased EBIT of 6% (excluding exceptional activity).

Other UK bank facilities with HSBC have no specific financial covenants.

Macroeconomic and industry trends

Machine tools are used to mould, cut, shape, and fabricate materials in the process of manufacturing virtually all products in common use. The machine tool industry is expected to experience a steady demand over time for as long as there is a need for manufactured durable goods such as motor vehicles, aeroplanes, energy and extractive industrial equipment, and defence equipment.

The worldwide machine tool industry was estimated by Oxford Economics in their Autumn 2022 report at around $75bn for the 2021 calendar year which was an increase from 2020 of around 20% due to the recovery effects from the pandemic and was a return to levels seen in 2019 pre-pandemic. The market continues to be driven by the investment intentions of manufacturers and is sensitive to changes in the economic and financial climate. Demand responds to economic trends which typically lag the main cycle of the economy.

The global market is dominated by China with consumption of 37.1% in 2021 but this is largely served domestically with China also being the largest producer. The USA is the second largest consumer of machine tools at 14.3% followed by Germany at 7.0%.

Our aims and objectives

Our business has excellent products, and unrivalled brand heritage. We aim to report consistent year on year growth in annual revenues and profitability by increasing our market share, regardless of cyclical factors affecting our industry.

Strategic report (continued)

We will achieve this by:

- consistently delivering against lead times and quality standards that meet or exceed the requirements of our end-user customers;
- winning and retaining the right to be the producer of choice for our distributors by being easy to deal with;
- undertaking design-led cost reduction activity to maintain or improve our competitiveness;
- pursuing a dynamic approach to new product development;
- recruiting, retaining and developing a talented and committed workforce;
- fostering lasting relationships with our chosen supply chain partners.

Routes to market and customers

By product category

Approximately 76% of revenues (2021: 75%) derived from the sale of metal turning machine tools and other machine tools. 2% (2021: 3%) of the revenue was generated by the sale of industrial laser systems. The sale of precision engineered components for use in metal turning contributed approximately 8% (2021: 8%) and the remainder of revenues, amounting to approximately 14% (2021: 14%), is derived largely from after sales support in spare parts and services.

By industry sector (including customer concentration)

600 UK Limited serves customers across a very broad range of industry sectors, from niche markets for technical education of young engineering apprentices, where our products are considered as the benchmark, through to high volume production of automotive, aerospace and defence equipment. A high proportion of revenues are derived from sales via third party distribution channels, in respect of which it is more difficult to track the industry dispersion of end-user customers.

The company benefits from a high degree of loyalty and repeat business via established distributors in many countries and territories. In the period ended 31 March 2022 the largest single customer, a distributor, contributed approximately 12% of revenues. The top 20, of which 14 were distributors, amounted to 51% of revenues.

By geographical territory of destination

Revenues are generated across many diverse geographical territories, with the principal markets in:

Percentage of worldwide revenues (by destination)	**2022** %	**2021** %
United Kingdom	59	70
Europe (excluding UK)	34	23
Rest of the World	5	5
North America	2	2
Total	100	100

Strategic report (continued)

Key performance indicators (KPI's)

The company monitors performance against key financial objectives that the Director judges to be effective in measuring the delivery of strategic aims and managing and controlling the business. These focus on underlying profitability.

Additional KPI's also include working capital control, and customer related performance measures such as on-time delivery, minimisation of warranty concerns, and measured levels of overall customer satisfaction.

These key performance indicators are measured and reviewed against budget projections and prior year on a regular basis and this enables the business to set and communicate its performance targets and monitor its performance against these targets.

The company's recent performance against financial KPI's is set out as follows:

KPI	2022	2021
Revenue (annual growth rate)	22.8%	(40.2)%
Gross margin (% of revenue)	24.3%	26.5%

Key business risks

The Director has identified the main categories of business risk in relation to the implementation of the company's strategic aims and objectives, and has considered reasonable steps to prevent, mitigate or manage these risks.

Macro-economic – the company is active in markets which can be cyclical in nature as the overall level of market demand is dependent upon capital investment intentions. Economic or financial market conditions determine global demand and could adversely affect our customers, distributors, operations, suppliers, and other parties with whom we transact. The Director seeks to ensure that our overall risk is mitigated by avoiding excessive concentration of exposure to any given geographical or industry segment, or to any individual customer. Market conditions, lead indicators and industry forecasts are monitored for any early warning signs of changes in overall market demand, and measures to exploit opportunities or manage elevated risks are taken as appropriate. Key business risks are set out in the strategic review.

Production and supply chain – the continuity of the company's activities is dependent upon the cost-effective supply of products for sale from our own facilities, and those of our key vendors. Supply can be disrupted by a variety of factors including raw material shortages, labour disputes and unplanned machine down time. In particular, the Director is mindful that a small number of key manufacturing outsource partners are located in relatively close proximity to each other in Taiwan.

Taiwanese suppliers represent approximately one third of the total cost of sales for the Group. Group businesses mitigate such risk by carefully selecting high quality vendors and maintaining long term constructive and open relationships. The effectiveness of such mitigation would be limited, however, in certain catastrophic circumstances (for example, extreme weather or seismic activity in the vicinity), against which the 600 Group carries appropriate insurance. Additionally, supply sources in India and Europe are being explored.

Strategic report (continued)

Laws and regulations – the company may unknowingly fail to comply with all relevant laws and regulations in the countries in which they operate and contract business. There is a risk of breach of legal, safety, environmental or ethical standards which can be more difficult to identify, comprehend, or monitor in certain territories than others. The Director believes that he has taken all reasonable steps to ensure that operations are conducted to high ethical, environmental and health and safety standards. Controls are in place to keep regulatory and other requirements under careful review, and scrutinise any identified instances of elevated risk.

Information Technology ("IT") – the Company's IT systems and the information they contain are subject to security risks including the unexpected loss of continuity from virus or other issues, and the deliberate breach of security controls for commercial gain or mischief. Any such occurrences could have a significant detrimental effect on the company's business activities. These risks are mitigated by the utilisation of physical and embedded security systems, regular back-ups and comprehensive disaster recovery plans.

Treasury and risk management

Financial risks
The main financial risks faced by the company are credit risk, foreign currency risk and liquidity risk. The Director regularly reviews and agrees policies for managing these risks.

Credit risk is managed by monitoring limits and payment performance of counterparties. The Director considers the level of general credit risk in current market conditions to be normal. Where a customer is deemed to represent an unacceptable level of credit risk, terms of trade are modified to limit the company's exposure. Insurance cover is also taken where appropriate.

Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. Foreign currency is bought to match liabilities as they fall due where currency receipts are insufficient to match the liability.

Liquidity risk is managed by the company effectively managing it's payments due from debtors.

Market risks
The company's main exposure to market risk arises from increases in input costs in so far as it is unable to pass them on to customers through price increases. The company does not undertake any hedging activity in this area and all materials and utilities are purchased in spot markets. The company seeks to mitigate increases in input costs through a combination of continuous improvement activities to minimise increases in input costs and passing cost increases on to customers, where this is commercially viable.

The company is also aware of market risk in relation to the dependence upon a relatively small number of key vendors in its supply chain. This risk could be manifest in the event of a commercial or natural event leading to reduced or curtailed supply. The company seeks to mitigate these risks by maintaining transparent and constructive relationships with key vendors, sharing long term plans and forecasts, and encouraging effective disaster recovery planning.

The company is also exposed to the risk of a downturn in its customers' end markets leading to reduced levels of activity for the company. The Director seeks to ensure that the company's activities are not significantly concentrated in sales to either one individual customer or into a single market sector in order to mitigate the exposure to a downturn in activity levels.

Strategic report (continued)

Other principal risks and uncertainties

The remaining risks faced by the company are to its reputation as a consequence of a significant failure to comply with accepted standards of ethical and environmental behaviour. The Director had taken steps to ensure that all of the company's global operations are conducted to the highest ethical and environmental standards. Regulatory requirements are kept under review, and key suppliers are vetted in order to minimise the risk of the company being associated with another company that commits a significant breach of applicable regulations.

Results

Revenue

Revenue from continuing operations increased by 22.8% to £9.7m (2021: £7.9m). The COVID-19 pandemic saw a swift reduction in the orderbook but since February 2021 orders have significantly increased.

Costs and margins

Gross margin decreased to 24.3% (2021: 26.5%) and operating expenses decreased by 2.6% to £2.34m (2021: 27.3%, £1.48m).

Development expenditure

During the financial year the company did not capitalise any development expenditure (2021: £5,000). The amortisation charge to income in the current year in respect of development expenditure previously capitalised was £2,861 (2021: £6,078).

Profit before taxation

Profit before taxation amounted to £16.17m against the corresponding figure last year which was £0.49m. The forgiveness of the Group loan contributed to £14.6m towards the profit.

Taxation

The company incurred significant trading and capital losses in prior years in the UK and accordingly has no liability for taxation in the UK.

Going concern

The Board has assessed the company's funding and liquidity position and further details can be found in the basis of preparation accounting policy note. The Director confirms that, after having made appropriate enquiries and receiving confirmation of continued support from the new holding Company, Timesavers Acquisitions LLC, they have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the Director continued to adopt the going concern basis in preparation of the financial statements.

By order of the board

Jonathan Wright
Director
Date 28/03/2023

Lowfields Way
Lowfields Business Park
Elland
West Yorkshire
HX5 9DA

Report of the Director

The Director presents the annual report and the audited financial statements for the 52-week period ended 31 March 2022.

Dividend
No dividend was paid during the period (2020: £nil).

Directors
The Directors who held office during and subsequent to the period were as follows:

Mr J Wright
Mr P Dupee (resigned 8 April 2022)

Employees
All employees are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

The company is committed to keeping employees as fully informed as possible with regard to the company's performance and prospects, and seeking their views, whenever practicable, on matters which particularly affect them as employees and future developments.

Political contributions
The company made no political donations or incurred any political expenditure during the year (2021: nil).

Research and development
The company policy is to design and develop products which will enable it to retain and improve its market position and profitability.

Future Outlook
The business recovered well from the impact of Covid-19. The business has shown tremendous resilience resulting in an 80% increase in its orderbook. Our ability to anticipate and respond quickly to the challenging environment has seen the introduction of new digital technologies such as on-line product demonstrations, on-line training programmes and the launch of our new virtual showroom platform.

The change of ownership of the company is seen as a positive step for the growth of the business. Timesavers Acquisitions LLC are wholly focussed on the material processing sector which will prove beneficial to the company and its employees in the future.

Disclosure of information to auditor
The Director who held office at the date of approval of this Directors' report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; the 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.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be MHA Moore and Smalley.

By order of the board

Jonathan Wright
Director
Date
28/03/2023

Statement of Director's responsibilities in respect of the Strategic Report, the Report of the Director and the financial statements

The Director is responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director 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 Director 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 Director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

There is no relevant audit information of which the Company's auditor is unaware and all appropriate steps have been taken to establish this.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLCHESTER MACHINE TOOL SOLUTIONS LIMITED (FORMERLY 600 UK LIMITED)

Opinion

We have audited the financial statements of Colchester Machine Tool Solutions Limited (formerly 600 UK Limited), (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, statement of other comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor 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 of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Director is 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.

Audit report (continued)

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.

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 and the 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 Director

As explained more fully in the directors' responsibilities statement set out on page 8, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 Director is 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 Director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

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

- enquiries with management, about any known or suspected instances of non-compliance with laws and regulations or fraud within the business;
- challenging assumptions and judgements made by management in their key accounts estimates, in particular in relation to provisions and future performance in light of the impact of Covid-19;
- auditing the risk of management override of controls, including thorough testing of journal entries and other adjustments made by management for appropriateness; and
- reviewing board minutes and legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.
- Auditing the risk of fraud and management override of revenue by incorporating data analytics into our sampling of source entries and testing specific transactions to determine the completeness and occurrence of revenue.

Audit report (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. A further description of our responsibilities is available on the FRC's website at: https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Alexander Kelly

Alexander Kelly Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Fourth Floor
80 Mosley Street
Manchester
M2 3FX

28/03/2023

Profit and loss account and statement of other comprehensive income

for the 52 week period ended 31 March 2022

	Note	**52-weeks ended 31 March 2022 £'000**	52-weeks ended 31 March 2021 £'000 Restated
Turnover	2	**9,706**	7,905
Cost of Sales		**(7,348)**	(5,812)
Gross Profit		**2,358**	2,093
Net operating expenses	3	**(2,344)**	(2,411)
Other comprehensive income	21	**630**	936
Operating Profit		**644**	618
Financial expenses	7	**(125)**	(128)
Exceptional Items	22	**15,649**	-
Profit before tax		**16,168**	490
Income tax credit/(charge)	8	**762**	(216)
Profit for the period		**16,930**	274

The notes on pages 15 to 32 form part of these accounts.

Balance sheet
at 31 March 2022

Company number: 144979

	Note	At 31 March 2022		At 31 March 2021 Restated	
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	*9*		**4**		6
Tangible assets	*10*		**547**		568
Investments	*11*		**-**		2,312
Deferred tax	*16*		**3,149**		2,550
Right of use assets	*20*		**2,831**		3,111
			6,531		8,547
Current assets					
Stocks	*12*	**4,099**		3,329	
Debtors	*13*	**3,108**		1,570	
Deferred tax	*16*	**327**		164	
Cash at bank and in hand		**19**		2,449	
		7,553		7,512	
Current liabilities: Trade and other creditors	*14*	**(2,263)**		(19,651)	
Net current liabilities			**5,290**		(12,139)
Total assets less current liabilities			**11,821**		(3,592)
Non-current liabilities: Borrowings	*15*		**(2,644)**		(4,161)
Net liabilities			**9,177**		(7,753)
Capital and reserves					
Called up share capital	*17*		**100**		100
Retained deficit			**9,077**		(7,853)
			9,177		(7,753)

These financial statements were approved by the board of directors on 28/03/2023 and were signed on its behalf by:

Jonathan Wright
Director

The notes on pages 15 to 32 form part of these accounts.

Statement of changes in equity
at 31 March 2022

	Ordinary share capital £'000	Other reserve £'000	Retained earnings £'000	Total Equity £'000
At 28 March 2020	**100**	**15**	**(8,142)**	**(8,027)**
Profit for the period	-	-	274	274
Reclassifications	-	(15)	15	-
Total comprehensive income	-	-	289	274
At 31 March 2021	**100**	**-**	**(7,853)**	**(7,753)**
Profit for the period	-	-	16,930	16,930
At 31 March 2022	**100**	**-**	**9,077**	**9,177**

The notes on pages 15 to 32 form part of these accounts.

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

Colchester Machine Tool Solutions Limited (formerly 600 UK Limited), (registered number 144979) is a private company limited by shares, incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The accounts are prepared to the accounting reference date of 31 March. The results for 2022 are for the 52-week period ended 31 March 2022. The results for 2021 are for the 52-week period ended 31 March 2021.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), 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.

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;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- IAS 1 requirement to prepare and present a third balance sheet.

As the consolidated financial statements of 600 Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 Financial Instrument Disclosures

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

The Company has taken the exemption from producing its own consolidated financial statements as it is a wholly owned subsidiary of The 600 Group PLC. The 600 Group PLC, includes the company in its consolidated financial statements. The consolidated financial statements of The 600 Group PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The 600 Group PLC, Lowfields Way, Lowfields Business Park, Elland, West Yorkshire, HX5 9DA.

In the opinion of the Director it is appropriate to draw up the financial statements on the going concern basis as the new parent company have given an undertaking to provide continued financial support to the company for a period of at least 12 months from the date on which the financial statements were signed.

Notes (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

After making enquiries, the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts. Further information has been included on page 2 of the Strategic Report.

Turnover

Turnover represents the total of the amounts invoiced to customers outside the company for goods supplied and services rendered, excluding VAT, and after deducting discounts allowed and credit notes issued. Turnover is recognised at the point at which goods are supplied to customers.

Customer deposits

On machine sales (in both lasers and machine tools), it is usual when this sale is to an individual customer, rather than distributor or dealer, for a deposit with order to be taken and then further payments to be received before dispatch of the goods – often 90 to 100% of the sale price by time of dispatch. Deposits are also common with distribution sales of customer specific 'custom' machines.

Customer deposits are not recognised in revenue and are shown in current liabilities within trade and other payables in the statement of financial position and separately identified in note 14.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. The cost of manufactured products consists of direct materials and direct labour with the addition of an appropriate proportion of production overheads.

Tangible assets

Property, plant and equipment are held at cost.

Depreciation is calculated to write off the cost (or amount of the valuation) of fixed assets less the residual value on a straight-line basis over the expected useful economic life of the assets concerned. The annual rates used are generally:

Fixtures and fittings	-	Over the residual terms of the leases
Plant and machinery	-	10 to 20%
Tools and equipment	-	10 to 33%

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the contract or at contract rates. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or at the contract rate where covered by foreign exchange contracts and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Research and development

Research expenditure undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Amortisation is charged to the income statement on a straight-line basis over the useful economic life of the activity. Currently the annual rates used are between 2 and 5 years.

Government grants

Where possible, the company makes use of grant schemes available by the government. The company has utilised the government furlough scheme.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12.

Leases

On adoption of IFRS 16 in the year ended 31 March 2021, the company used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 31 March 2022 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease.*

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes (continued)

1 Accounting policies (continued)

Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (where they exist within a lease):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of workshop equipment, office furniture and machines.

Financial Instruments

IFRS 9 'Financial instruments' outlines the principles an entity must apply to measure and recognise financial assets and liabilities. The following section sets out the accounting policies that were applied in the reporting period under IFRS 9.

Financial assets and liabilities are recognised when it becomes a party to the terms of the contract, which is the settlement date.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of the financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

Notes (continued)

1 Accounting policies (continued)

Financial Instruments (continued)

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price is recognised in profit or loss either on a straight line basis over the term of the transaction, or over the reporting period until all the model inputs will become observable where appropriate, or released in full when previously unobservable inputs become observable. Financial liabilities are subsequently measured at amortised cost.

Accounting estimates and judgements

Management discussed with the Audit committee the development, selection and disclosures of the accounting policies and estimates and the application of these policies and estimates.

The key sources of estimation and uncertainty are:

Deferred taxation

Note 18 contains details of the deferred taxation. Liabilities recognised are determined by the likelihood of settlement and the likelihood that assets are received based on assumption of future actions. The recognition of deferred tax assets is particularly subjective and may be undermined by adverse economic decisions.

Inventory valuation

The Director has reviewed the carrying value of inventory and believes this is appropriate in the context of current trading levels and the strategic direction of the company. Provisions are reviewed on the basis of historical usage of spare parts, components and raw materials. Calculation of the provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

Right of use assets

The discount factor that determines the present value of future lease payments is based on the underlying base rate which was provided by the HSBC bank.

Notes (continued)

2 Segment Information

Geographical segmental analysis of revenue is shown by destination in the following table for continuing activities:

Segmental analysis by destination:	**2022**		2021	
	£000	**%**	£000	%
UK	**5,724**	**59.0**	5,580	70.6
Other European	**3,330**	**34.3**	1,810	22.9
Africa	**180**	**1.9**	175	2.2
Far East	**172**	**1.8**	58	0.7
North America	**142**	**1.5**	140	1.8
Middle East	**42**	**0.4**	14	0.2
Australasia	**109**	**1.1**	103	1.3
Central and South America	**7**	**0.0**	25	0.3
Revenue	**9,706**	**100.0**	7,905	100.0

3 Net operating expenses

	52 week period ended 31 March 2022 £'000	52 week period ended 31 March 2021 £'000
Net operating expenses:		
Administration expenses	**928**	942
Distribution costs	**1,416**	1,469
	2,344	2,411

Notes (continued)

4 Operating profit/(loss)

	52 week period ended 31 March 2022 £'000	52 week period ended 31 March 2021 £'000
Operating profit/(loss) is stated after charging/(crediting)		
Auditor's remuneration:		
Audit fees	**21**	21
Non-audit fees	**4**	3
Depreciation of owned fixed assets	**83**	75
Amortisation – ROU	**280**	293
Amortisation of development expenditure	**3**	6
Hire of other assets	**-**	13
Exchange differences	**19**	2

5 Remuneration of directors

	2022 £'000	2021 £'000
Salaries	**132**	18
Pensions	**5**	1
	137	19

6 Staff numbers and costs

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

	Number of employees	
	2022	2021
Management and administration	**7**	6
Production	**22**	25
Selling and distribution	**15**	14
	44	45

Notes (continued)

The aggregate payroll costs of these persons were as follows:

	52 week period ended 31 March 2022 £'000	52 week period ended 31 March 2021 £'000
Wages and salaries	**1,590**	1,588
Social security costs	**164**	170
Net pension scheme charge	**62**	63
	1,816	1,821

7 Financial expense

		52 week period ended 31 March 2022 £'000	52 week period ended 31 March 2021 £'000
Bank loan interest (CBILS)		**(25)**	(15)
Trade loan interest	**(15)**	**-**	(2)
Lease liability interest		**(100)**	(111)
		(125)	(128)

8 Taxation

	52 week period ended 31 March 2022 £'000	52 week period ended 31 March 2021 £'000
Recognised in profit and loss:		
Current tax:		
Corporation tax at 19% (2021: 19%): Group relief	**-**	(15)
Total current tax	**-**	-
Deferred taxation		
Current period	**-**	(42)
Origination and reversal of timing differences	**(72)**	-
Effects of changes on tax rates	**834**	-
Relating to prior periods	**(29)**	(159)
Total deferred taxation	**762**	(201)
Taxation credited/(charged) to the profit and loss account	**762**	(216)

Notes (continued)

Tax reconciliation

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

	52 week period ended 31 March 2022 £'000	52 week period ended 31 March 2021 £'000
Profit on ordinary activities before tax	**16,167**	490
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**(3,072)**	(93)
Effects of:		
Expenses not deductible	**53**	18
Income not taxable	**2,996**	-
Effects of group relief / other reliefs	**-**	18
Adjustments from prior periods	**-**	(158)
Tax rate changes	**834**	-
Depreciation on ineligible assets	**(55)**	-
Deferred tax not provided	**5**	-
Roundings	**1**	(1)
Tax credit/(charge) for the period	**762**	(216)

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has been substantively enacted at the balance sheet date, and as a result deferred tax balances as at 31 March 2022 are measured at 25%.

Deferred taxation balances are analysed in note 16.

Notes (continued)

9 Intangible Assets

	Development Expenditure
	£'000
Cost	
At 31 March 2021	39
At 31 March 2022	**39**
Amortisation	
At 31 March 2021	33
Charge for financial period	2
At 31 March 2022	**35**
Net Book value	
At 31 March 2021	6
At 31 March 2022	**4**

Notes *(continued)*

10 Tangible assets

	Plant and Machinery	Fixtures and fittings	Total
	£'000	**£'000**	**£'000**
Cost or valuation			
At 31 March 2021	1,455	259	1,714
Additions	61	1	62
At 31 March 2022	**1,516**	**260**	**1,776**
Depreciation			
At 31 March 2021	1,115	31	1,146
Charge for financial period	65	18	83
At 31 March 2022	**1,180**	**49**	**1,229**
Net book value			
At 31 March 2021	340	228	568
At 31 March 2022	**336**	**211**	**547**

Notes (continued)

11 Fixed asset investments

	Shares in subsidiary undertakings 2022 £'000	Shares in subsidiary undertakings 2021 £'000
Cost and net book value brought forward	**2,312**	2,312
Disposals	**(2,312)**	-
Cost and net book value carried forward	**-**	2,312

The names of the company's subsidiary undertakings and the company's interests therein during the year ended 31 March 2021 were as follows:

Shares in subsidiaries	**Activity**	**Proportion held by the company**	**Country of Incorporation**
Electrox Laser Limited Lowfields Business Park Elland West Yorkshire HX5 9DA	Sale of Laser systems	100%	UK

On the 2nd September 2021, the entire share capital in Electrox Laser Limited was transferred to the Ultimate Holding Company, The 600 Group PLC, for a consideration of £2,312,000.

12 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	**-**	2
Work in progress	**15**	68
Finished goods and goods for resale	**4,084**	3,259
	4,099	3,329

During the year the company conducted a review of the net realisable value of its stock carrying values due to which the provision increased to £0.75m (2021: £0.64m).

Notes (continued)

13 Debtors

	2022	2021
	£'000	£'000
Trade debtors (after provision)	**1,636**	788
Amounts owed by parent and fellow subsidiary undertakings	**895**	128
Other debtors	**12**	15
Prepayments and accrued income	**565**	639
	3,108	1,570

The ageing analysis of gross trade receivables, before provisions, is as follows:

	2022	2021
	£000	£000
Current (not overdue and no provision held)	**1,610**	452
Overdue but no provision held:		
– 0–3 months overdue	**10**	292
– 3–6 months overdue	**-**	29
– 6–12 months overdue	**-**	-
– more than 12 months overdue	**49**	56
Total gross trade receivables before provision	**1,669**	829

As at 31 March 2022, there was a provision of £33k made against debtors (2021: £41k).

14 Current liabilities: Trade and other creditors

	2022	2021
	£'000	£'000
Trade creditors	**(817)**	(867)
Amounts owed to parent company	**-**	(17,762)
Lease liabilities (note 20)	**(317)**	(241)
Other taxes and social security	**(79)**	(83)
Customer deposits	**(546)**	(153)
Other Creditors	**(7)**	(13)
Accruals	**(497)**	(532)
	(2,263)	(19,651)

Notes (continued)

15 Non-current liabilities: Borrowings

	2022 £'000	2021 £'000
Bank loan (CBILS)	-	(1,200)
Lease liabilities (note 20)	(2,644)	(2,961)
	(2,644)	(4,161)

16 Deferred taxation

The period end deferred taxation balance comprises:	2022 Provided £'000	2021 Provided £'000
Assets:		
Timing differences	721	656
Tax losses	2,755	2,058
	3,476	2,714
Included in non-current assets	3,149	2,550
Included in assets less than 1 year	327	164
	3,476	2,714

Notes (continued)

17 Called up share capital

	2022	2021
	£'000	£'000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	**100**	100

All shares are of the same class, carry one vote each and the right to dividends, or return of capital in the event of a winding up event.

Share capital
Called up share capital reserve represents the nominal value of the shares issued.

Retained earnings
The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

18 Related parties

The company is controlled by Timesavers Acquisitions LLC, the new owners as of April 2022.

During the respective periods to 31 March 2022, the company transacted with The 600 Group PLC and fellow group undertakings within The 600 Group PLC as below:

	Sales to	Sales to	**Administrative expenses incurred from**	Administrative expenses incurred from
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Parent undertaking	**-**	-	-	4
Fellow group undertakings	**232**	178	-	-
	232	178	-	4

19 Ultimate holding company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of The 600 Group PLC which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of the group are available to the public and may be obtained by writing to the registered office of the ultimate holding company at Lowfields Way, Lowfields Business Park, Elland, West Yorkshire, HX5 9DA.

From 8 April 2022, the company is a subsidiary of Timesavers Acquisition LLC who are wholly owned by TJM capital partners LLC, a private equity investment firm headquartered in Illinois.

Notes (continued)

20 Leases

The right of use assets relate to the following asset types:

	Property	Vehicles	Equipment	**Total**
	£000	£000	£000	£000
Cost or valuation				
At 31 March 2021	3,503	143	19	3,665
Disposals	-	(25)	-	(25)
At 31 March 2022	**3,503**	**118**	**19**	**3,640**
Depreciation				
At 31 March 2021	472	81	1	554
Disposals	-	(25)	-	(25)
Charge for period	236	40	4	280
At 31 March 2022	**708**	**96**	**5**	**809**
Net book value				
At 31 March 2021	3,031	62	18	3,111
At 31 March 2022	**2,795**	**22**	**14**	**2,831**

The lease liabilities at the year-end were as follows:

Lease liabilities	**31 March 2022**	31 March 2021
	£000	£000
Current	**(317)**	(241)
Non-Current	**(2,644)**	(2,961)
Total	**(2,961)**	(3,202)

During the year lease payments amounted to £345k (2021: £360k), of which £100k (2021: £111k) was in respect of interest charges.

The undiscounted payments under the leases fall due as follows:

	31 March 2022	31 March 2021
	£000	£000
Up to one year	**317**	344
One to five years	**1,218**	1,236
Over five years	**2,050**	2,350
Total undiscounted payments due under leases	**3,585**	3,930

Notes (continued)

21 Other operating income

	31 March 2022	31 March 2021
	£000	£000
Intercompany fees income	**592**	513
Government grant	**38**	423
Total	**630**	936

Other operating income was included within net operating expenses in the prior period. This has been re-stated to separate out the income from the expense.

22 Exceptionals

	31 March 2022	31 March 2021
	£000	£000
600 Group loan forgiveness	**14,558**	-
Repayment of CBILS loan	**1,200**	
Recharges to 600 Group	**(109)**	-
Total	**15,649**	-

As a result of the sale of the company, exceptional transactions have been incurred between the company and 600 Group PLC. The company has reported these below operating profit as these costs were not part of the main trading business.

23 Prior period adjustment

The accounts have been restated to incorporate the impact of a misclassification of deferred tax between current and non-current assets. The restatement has resulted in no change to profits available for distribution at 31 March 2021.

	£'000
Non-current deferred tax asset as previously reported	164
Prior period adjustment	2,386
Non-current deferred tax asset restated	2,550
Current deferred tax asset as previously reported	2,550
Prior period adjustment	(2,386)
Current deferred tax asset restated	164

Notes (continued)

The accounts have been restated to incorporate the impact of a misclassification of management recharge income and government grant income from net operating expenses to other operating income. The restatement has resulted in no change to profits available for distribution at 31 March 2021.

	£'000
Net operating expenses as previously reported	(1,475)
Prior period adjustment	(936)
Net operating expenses restated	(2,411)
Net operating income as previously reported	-
Prior period adjustment	936
Net operating income restated	936

24 Post Balance Sheet events

On 5 March 2022, the 600 Group signed a contract with Timesavers Acquisitions LLC to sell its Machine Tools division of which 600 UK Limited is a division. While the contract was signed in early March 2022, the completion date and payment of funds happened on 8 and 11 April 2022.
The sale of this division will be recognised in the next financial year, which will be a 9 month period ending 31 December 2022, bringing it's financial period in line with its new parent company, Timesavers Acquisitions LLC.