Company number 00182382

# Renold Power Transmission Limited

## Annual report and financial statements
## for the year ended 31 March 2021


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# Renold Power Transmission Limited

**Company number 00182382**

## Strategic Report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

**Principal activities**

The principal activity of the Company is the manufacture and sale of chain and power transmission products. The ultimate parent company is Renold plc, a company incorporated in the United Kingdom and registered in England and Wales.

**Review of the business**

The financial statements highlight a decrease in trading in the year, with revenues from sale of goods decreasing by 23% to £37.5m (2020: £48.6m). The reduction in revenues from sale of goods was driven by a transfer of trade (effective 1 January 2021) whereby the sale of chain and power transmission products into European Union countries was transferred to a fellow Renold plc subsidiary company, Renold Continental Limited, in response to the Brexit transition. In addition to the transfer of trade, the Company suffered a decline in continuing operations as a result of the Covid-19 pandemic. Operating profit before adjusting items of £4.0m (2020 (restated[1]): £6.7m) decreased 41% reflecting the above factors.

Despite the impact of the pandemic, the strategic progress that has been made over recent years has delivered a business that is more resilient and far better positioned to weather the current macro-economic challenges. A key strength of the Company is the broad spread of end-use applications for the Company's products and the broad base of customers served. The Directors have sought, where appropriate and safe to do so, to keep the manufacturing operations open in support of various industries that are essential in the current environment.

**Principal risks and uncertainties**

The directors of Renold plc manage the Group's risks at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate or necessary for an understanding of the development, performance or position of Renold Power Transmission Limited. The principal risks and uncertainties of Renold plc, which include those of the Company, are discussed on pages 42 to 46 of the Group's annual report which can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ or at renold.com.

The plausible future impact on the Company of the current Covid-19 pandemic has been considered as part of the Company's adoption of the going concern basis as detailed on page 5.

**Key Performance Indicators**

The Company considers revenue and operating profit before adjusting items to be the key performance indicators, both of which are discussed above. Management also monitor net liabilities, which have decreased during the year by £11.6m to £18.3m (2020 (restated[1]): £29.9m) largely as a result of the decrease in the valuation of the Company's defined benefit pension scheme obligations.

**Future developments**

The Directors expect the level of activity of the Company to decrease in the year ending 31 March 2022. The current year results include nine months of pre-Brexit sales to European Union countries (from 1 April 2020 to 31 December 2020) whilst the coming financial year will not include any of this sales activity as it was transferred to Renold Continental Limited from 1 January 2021.

[1] See Note 25 for details of the restatement.

## Strategic Report

### Stakeholder engagement

The Directors remain committed to ensuring that business activities are conducted in a responsible manner for the benefit of all of our stakeholders, including the Company's employees, customers, partners, and local communities. The Directors have certain duties in this regard, governed by section 172 of the Companies Act. The table below outlines how the Directors perform their duties in order to satisfy these requirements, but more importantly, to promote the success of the Company.

| Why it is important to engage | Stakeholders' key interests | Ways we engage |
|---|---|---|
| **Our People** | | |
| The calibre and capability of our people are critical to the Company's success. We want our people to be proud of working for Renold Power Transmission Limited and we want to be in a position to attract and retain the best talent. | • Opportunities for development and progression.<br>• Fair reward and recognition of performance.<br>• An inclusive environment. | "Value our people" is recognised as a core Value at Renold Power Transmission Limited. Employees are encouraged to ask questions and raise issues at all levels of management. This continues through to Director site visits, where the Directors make themselves available to answer questions directly with a broad base of employees. |
| **Our Customers** | | |
| Our customers are ultimately the key users of our products, and without their continued support, we would not have the potential to grow and develop. | • High quality products engineered to specific requirements.<br>• A problem solving capability that can resolve issues and improve performance.<br>• A service level that can be relied upon to deliver. | We regularly engage with our diverse customer base at various levels of the organisation, often directly through our sales teams, our technical engineering teams and our operational management teams.<br>At Director level, the broad-based, geographically spread customer base does not support significant direct customer interaction. Through reports from local management teams, monitoring of customer service levels and explicit reports of product issues, the Directors ensure customers continue to receive the high quality products and levels of service that the Renold brand stands for. |
| **Our Partners** | | |
| The Company is dependent on high quality goods and services provided by our suppliers and as a result, long-term partnerships are sought for the benefit of all parties. | • Clear communication of requirements.<br>• Fair payment.<br>• A partnership approach that seeks to provide long-term benefits to all parties. | Due to scale and geographic diversity, the Company generally operates localised supply chains in the territories in which it operates. This allows direct interaction between our supply-chain teams, our business unit management and local suppliers, ensuring short lines of communications and the ability to react quickly. |
| **Our Local Communities** | | |
| We recognise our responsibility to the communities in which we operate and our broader responsibilities to reduce the impact of our activities on our environment. | • To interact in a manner that makes a positive contribution to the local areas within which we operate.<br>• To provide sustainable solutions both to our customers and in how we operate. | The Company's largest interaction is with people in the communities in which we operate, supporting education and development. This encompasses a range of activities from the graduate and apprenticeship schemes we operate, through to supporting infrastructure projects at schools in India. |

### Events after the balance sheet date

On the 8 April 2021 Renold completed the acquisition of the conveyor chain business of Brooks Ltd in Manchester, UK, for a total consideration of £0.6m, including £0.3m of deferred consideration. In the current year the business is expected to generate additional sales for the Group of c.£1.0m, and add c.£0.2m to Group operating profit. The business will be integrated into the Renold UK Service centre in Manchester.

### Approval

Approved by the Board and signed on its behalf by:

J Haughey

Jim Haughey
Director
31 May 2022

Trident 2
Trident Business Park
Styal Road
Wythenshawe
Manchester
M22 5XB

# Renold Power Transmission Limited

**Company number 00182382**

## Directors' Report

### Directors

The directors, who served throughout the year and up to the date of this report, were as follows:

| | |
|---|---|
| Philip Mark Robinson | |
| Lynne Joan Rosser | |
| Michael Peter Wallwork | |
| Andrew Peter Buller | |
| Adam Robert Worsley | |
| Ian Lloyd Scapens | (resigned 19 June 2020) |
| James Robert Haughey | (appointed 24 May 2021) |

### Director Indemnity

Qualifying third party indemnity provision (as defined by section 234 of the Companies Act 2006) has remained in force for the directors for the year ended 31 March 2021 and, as at the date of this report, remains in force for the benefit of the current directors in relation to certain losses and liabilities which they may incur (or have incurred) to third parties in the course of their duties.

### Company secretary

Oakwood Corporate Secretary Limited

### Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2-4 and form part of this report by cross-reference.

### Research and development

During the financial year, the Company continued to invest in research and development expenditure. These continue to be principally directed towards the development of new products and manufacturing methods, and the improvement of performance and cost effectiveness of existing products.

### Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Directors have assessed the future funding requirements of the Company and compared them to the level of available borrowing facilities. The Directors have also considered the actual impact that the Covid-19 pandemic has had on the business since the beginning of the outbreak and the plausible future impact of the pandemic on the Company's activities and performance, in preparing their going concern assessment.

Based on the relationship between the Company and Renold plc, the ultimate parent company, whereby the financing and activities of the Company are closely linked to that of Renold plc, the directors of the Company are cognisant of the going concern disclosure which appears in the consolidated financial statements of Renold plc for the year ended 31 March 2021. This disclosure can be found in the accounting policies in note 1 to these financial statements along with further details regarding the adoption of the going concern basis.

Following their assessment, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Company's going concern status and that it is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Furthermore, whilst as at 31 March 2021 the Company had net liabilities of £40,721k (2020: £36,431k), including amounts owed to group undertakings, Renold plc, the parent company, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

## Directors' Report

### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies, as approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks.

### Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures (no derivative contracts in place at 31 March 2021). Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

### Credit risk

The Company's principal financial assets are bank balances, cash and trade and other debtors. The Company's credit risk is primarily attributable to its trade debtors which are recognised at their original invoice amount less any allowance for expected credit losses.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Liquidity risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

### Dividends

The directors are unable to recommend a final dividend (2020: same).

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee engagement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company newsletter, and a special presentation for employees of the Group annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. For further details please refer to the stakeholder engagement section on page 3.

### Business relationships

The Directors remain committed to ensuring that business activities are conducted in a responsible manner for the benefit of all of our stakeholders. For further details of how the Directors engage with the Company's key stakeholders, please refer to the stakeholder engagement section on page 3 which also includes details on how the Directors perform their duties in order to satisfy the requirements governed by section 172 of the Companies Act.

## Directors' Report

### Auditor

Each of the directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

Jim Haughey
Director
31 May 2022

Trident 2
Trident Business Park
Styal Road
Wythenshawe
Manchester
M22 5XB

## Directors' Responsibilities Statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting 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 company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Renold Power Transmission Limited

## Independent auditor's report to the members of Renold Power Transmission Limited

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

**Opinion**

In our opinion the financial statements of Renold Power Transmission Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 27.

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.

**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 directors 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 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.

# Renold Power Transmission Limited

## Independent auditor's report to the members of Renold Power Transmission Limited

**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.

**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. 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, internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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. These included UK Companies Act, Money Laundering Regulations, Tax Legislation, Pensions legislation and Bribery Act; 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. This included Data Protection Act.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud related to revenue and evaluate which types of revenue, revenue transactions or assertions give rise to such risks. We have deemed the risk of material misstatement in relation to revenue cut-off to be significant due to possible pressures to meet stakeholder expectations could provide incentives to record revenues where performance obligations have not been satisfied:
    - We obtained an understanding of relevant controls relating to the assessment of revenue cut-off;

  - We have substantively tested a sample of revenue recognised pre and post year-end to third party supporting evidence to determine whether appropriate cut-off was applied and that performance obligations have been satisfied.

- We considered the opportunities and incentives that may exist within the organisation for fraud and identified inventory valuation, because management judgement is applied to the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. The focus of this is towards the manufactured element of inventory where there is an increased level of management judgement required around the key assumptions in relation to labour and overhead absorption, and composition of bills of materials for finished and work in progress goods.

- A risk surrounding the carrying value of inventory when compared to the net realisable value as a result of inadequate provisioning has also been identified as a sigificant risk. The risk has been refined to focus it specifically to the manual intervention that is applied to the valuation of the stock provision, arising due to the different IT systems in place across the entity's divisions.
  - We obtained an understanding of relevant controls relating to the assessment of inventory valuation and inventory provisioning;
  - We agreed the cost of raw materials to third party supplier invoices;
  - We obtained the bill of material and tested the underlying costs within each stock item for work in progress and finished goods;
  - We have challenged management's labour and overhead absorption rates included in inventory at the year end, testing the accuracy of rates applied by management for a sample of products to individual bills of material. We also calculated an independent expectation of labour and overheads to be included in year end inventory based on our assessment of costs to include and machine hours available for production;
  - We assessed the net realisable value (NRV) of stock items by agreeing their subsequent sales price to customer invoices to challenge whether the items were being held at the lower of cost and NRV;
  - We gained an understanding of the movements in the inventory provision year on year, including consideration of the impact of Covid-19 on demand levels and an assessment of the scale of the provision in comparison to the gross stock value, to determine whether there are any unusual transactions;
  - We recalculated the value of the provision based on a sample of items; and
  - We understood any manual adjustments made to the provision by reference to supporting documentation and challenged, through discussions with relevant Commercial and Finance personnel and agreement to supporting documentation, the underlying rationale applied in arriving at such adjustments.

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, internal audit and in-house 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.

## Independent auditor's report to the members of Renold Power Transmission Limited

**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.

**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.

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.

Scott Bayne FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
31 May 2022

# Renold Power Transmission Limited

**Company number 00182382**

## Statement of Comprehensive Income
For the year ended 31 March 2021

| | Note | 2021 £'000 | 2020 (restated[1]) £'000 |
|---|---|---|---|
| **Revenue** | 3 | 39,167 | 50,496 |
| Operating expenses | 6 | (35,177) | (43,774) |
| **Operating profit before adjusting items** | | 3,990 | 6,722 |
| Adjusting items | 4 | - | (169) |
| **Operating profit** | | 3,990 | 6,553 |
| Net interest income/(expense) | 5 | (1,522) | (1,756) |
| **Profit before taxation** | | 2,468 | 4,797 |
| Tax on profit | 10 | 163 | (138) |
| **Profit for the financial year** | | 2,631 | 4,659 |
| **Other comprehensive (expense)/income** | | | |
| **Items not to be reclassified to profit or loss in subsequent years:** | | | |
| Remeasurement (loss)/gain on IAS 19 retirement benefit obligations | 23 | (6,179) | 4,710 |
| Tax credit/(charge) on remeasurement on (losses)/gains on retirement benefit obligations – excluding impact of statutory rate change | 23 | 1,174 | (450) |
| Remeasurement (loss)/gain on SLP retirement benefit plan asset | 23 | 14,011 | (9,602) |
| Effect of changes in statutory tax rate on deferred tax assets | | - | 997 |
| Foreign exchange | | - | 24 |
| **Other comprehensive (expense)/income for the year, net of tax** | | 9,006 | (4,321) |
| **Total comprehensive (expense)/income for the year, net of tax** | | 11,637 | 338 |

[1] See Note 25 for details of the restatement.

All results are derived from continuing operations.

# Renold Power Transmission Limited

**Company number 00182382**

## Balance Sheet

As at 31 March 2021

| | Note | 2021 £'000 | 2020 (restated[1]) £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investment in subsidiaries | 14 | - | - |
| Intangible assets | 11 | 32 | 54 |
| Tangible assets | 12 | 6,953 | 7,505 |
| Right-of-use assets | 13 | 4,667 | 5,595 |
| Deferred tax assets | 15 | 11,049 | 9,687 |
| Debtors | 15 | 917 | 1,822 |
| | | 23,618 | 24,663 |
| **Current assets** | | | |
| Stocks | 16 | 5,048 | 4,925 |
| Debtors | 17 | 7,222 | 14,893 |
| Cash at bank and in hand | | 7,969 | 5,165 |
| | | 20,239 | 24,983 |
| **Creditors: Amounts falling due within one year** | | | |
| Borrowings | 19 | (1,679) | - |
| Trade and other creditors | 18 | (7,701) | (9,252) |
| Lease liabilities | 13 | (1,027) | (1,494) |
| | | (10,407) | (10,746) |
| **Net current assets** | | 9,832 | 14,237 |
| **Total assets less current liabilities** | | 33,450 | 38,900 |
| **Creditors: Amounts falling due after more than one year** | | | |
| Borrowings | 19 | (12,259) | (15,421) |
| Creditors | 20 | (7,383) | (12,972) |
| Lease liabilities | 13 | (9,533) | (10,519) |
| Defined benefit pension scheme | 23 | (22,536) | (29,886) |
| | | (51,711) | (68,798) |
| **Net liabilities** | | (18,261) | (29,898) |
| **Capital and reserves** | | | |
| Called-up share capital | 21 | 17,496 | 17,496 |
| Profit and loss account | | (35,757) | (47,394) |
| **Shareholders' deficit** | | (18,261) | (29,898) |

[1] See Note 25 for details of the restatement.

The financial statements of Renold Power Transmission Limited (registered number 00182382) were approved by the board of directors and authorised for issue on 31 May 2022. They were signed on its behalf by:

J Haughey

Jim Haughey
Director

Trident 2
Trident Business Park
Styal Road, Wythenshawe
Manchester M22 5XB

## Statement of Changes in Equity

For the year ended 31 March 2021

| | Note | Called up share capital £'000 | Profit and loss account £'000 | Total £'000 |
|---|---|---|---|---|
| **At 31 March 2019 as previously reported** | | 17,496 | (59,408) | (41,912) |
| Prior year adjustment[1] | | - | 11,676 | 11,676 |
| **At 31 March 2019 (restated[1])** | | 17,496 | (47,732) | (30,236) |
| Profit for the year (restated[1]) | | - | 4,659 | 4,659 |
| Foreign exchange translation differences | | - | 24 | 24 |
| Remeasurement losses on defined benefit pension schemes net of deferred tax | | - | (4,345) | (4,345) |
| **Total comprehensive income for the year (restated[1])** | | - | 338 | 338 |
| **At 31 March 2020 (restated[1])** | | 17,496 | (47,394) | (29,898) |
| Profit for the year | | - | 2,631 | 2,631 |
| Remeasurement gains on defined benefit pension schemes net of deferred tax | 23 | - | 9,006 | 9,006 |
| **Total comprehensive expense for the year** | | - | 11,637 | 11,637 |
| **At 31 March 2021** | | 17,496 | (35,757) | (18,261) |

[1] See Note 25 for details of the restatement.

## 1. Accounting policies

The principal accounting policies are summarised below and have been applied consistently throughout the current and preceding year unless otherwise stated.

**Basis of accounting**

Renold Power Transmission Limited is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the requirements of the Companies Act 2006. The address of the Company's registered office is shown on page 4.

The company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

Except as noted below for tangible fixed assets, the financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements because it is included in the Group annual report and financial statements of Renold plc, which are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, revenue from contracts, share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, paragraphs 90, 91 and 93 of IFRS 16 Leases and requirements of paragraph 58 of IFRS 16 and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of Renold plc.

**Adoption of new and revised Standards**

***Other new and revised accounting standards adopted by the Company***

During the year, the International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards, amendments and interpretations, which are considered relevant to the Company. Their adoption has not had any significant impact on the amounts or disclosures reported in these financial statements.

- Amendments to IFRS 16 (Leasing) Covid-19 Related Rent Concessions
- Amendments to IAS 1 and IAS 8 (Definition of material)
- Amendments to IFRS 3 (Definition of a business)
- Amendments to IFRS 7, IFRS 9 and IAS 39 'Financial Instruments' (Interest Rate Benchmark Reform) Phase I

**Going concern**

The principal activity of the Company is the manufacture and sale of industrial chain and power transmission products. As the trading of the Company is linked to the financing and support of the Group, the Company is closely linked to the Group.

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for at least 12 months from the date of approval of the financial statements. Based on the relationship between the Company and Renold plc, the ultimate parent company, the directors of the Company are cognisant of the going concern disclosure which appears in the consolidated financial statements of Renold plc for the year ended 31 March 2021:

## 1. Accounting policies (continued)

**Going concern (continued)**

"The Directors have assessed the future funding requirements of the Group and the Company and compared them to the level of available borrowing facilities. The Directors have also considered the actual impact that the pandemic has had on the business since the beginning of the outbreak and the related decline in revenues, and the plausible future impact of Covid-19 on the Group's activities and performance, in preparing their going concern assessment.

Whilst the situation remains uncertain the impact on trading was significantly less severe than originally modelled in our previous plausible downside scenario. Going forward the Group has modelled further potential severe but plausible impacts on revenues, profits and cash flows. In the severe but plausible downside scenario (Group revenue being more than 25% below revenues for the year ended 31 March 2020), the Group continues to maintain sufficient liquidity and meets its leverage and interest cover covenants without using the full extent of mitigating actions that would be available in the event of such a severe and extended decline.

Following this assessment, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Group's going concern status and that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months."

Subsequent to the issue of the consolidated financial statements of Renold plc, the recent level of trading for the Group and the Company has exceeded the forecasts prepared at the time of assessing going concern for the Group. The Directors of the Company have therefore concluded that there are no material uncertainties that cast doubt on the Company's going concern status and that it is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

**Investments**

Except as stated below, fixed asset investments, including investments in subsidiaries, are shown at cost less provision for impairment.

**Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Amortisation rates are as follows:

Computer software 5 years

**Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**Tangible fixed assets**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts as described below.

Depreciation on revalued buildings is charged to income. On the subsequent sale or scrappage of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

## 1. Accounting policies (continued)

**Tangible fixed assets (continued)**

Depreciation is provided on all tangible fixed assets, other than freehold land. Rates are calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

| | |
|---|---|
| Freehold buildings | 50 years |
| Leasehold land and buildings | The lesser of 50 years or the period of the lease |
| Plant and machinery | 10 - 15 years |

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

**Leasing and right-of-use assets**

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the lease liability and associated 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. The Company has a number of material property, equipment and vehicle leases.

To the extent that a right-of-control exists over an asset subject to a lease, with a lease term exceeding one year, a right-of-use asset, representing the Company's right to use the underlying leased asset, and a lease liability, representing the Group's obligation to make lease payments, are recognised in the Company's Balance Sheet at the commencement of the lease. The right-of-use asset is initially measured at cost and includes the amount of initial measurement of the lease liability and any direct costs incurred, including advance lease payments and an estimate of the dismantling, removal and restoration costs required by the terms and conditions of the lease. Depreciation is charged to the Statement of Comprehensive Income to depreciate the right-of-use asset from the commencement date until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of any extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchased options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the Statement of Comprehensive Income over the period of the lease. Lease arrangements that are short term in nature or low value are charged directly to the Consolidated Income Statement when incurred. Short-term leases are leases with a lease term of 12 month or less. Low-value assets comprise small items of furniture or equipment.

***The company as lessor***

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease.

**Stocks**

Stocks are stated at the lower of their cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct expenditure and attributable overhead expenditure incurred in bringing goods to their current state. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Impairment of tangible and intangible assets**

At each balance sheet date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

## 1. Accounting policies (continued)

**Impairment of tangible and intangible assets(continued)**

If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and when there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell or value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairment losses recognised in respect of goodwill are not reversed.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and/or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

This is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect the taxable profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 1. Accounting policies (continued)

### Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

### Revenue

Revenue is earned from sale of chain and power transmission products. Revenue is stated net of VAT and trade discounts. Revenue is recognised on the sale of goods when the performance obligations, principally the obligation to dispatch or deliver the specified goods, have been fulfilled.

### Royalties

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

### Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

The Company participates in a group defined benefit scheme. This scheme is the legal responsibility of the ultimate parent, Renold plc, as the sponsoring employer. Given the split of members, Renold Power Transmission Limited recognises 75% of the liability, with the other 25% being recognised in the ultimate parent company, Renold plc.

The costs of the defined benefit scheme are calculated by independent actuaries using the projected unit credit method. Any past service costs resulting from enhanced benefits are recognised immediately in the income statement as an operating cost. Administration costs, including the Pensions Protection Levy, are charged to operating costs. However, plan asset management costs are included in the actual return on plan assets.

Remeasurement gains and losses, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest), are recognised in other comprehensive income in the period in which they occur. Actuarial gains and losses arise when actual results differ from the assessment outcomes which are used to calculate defined benefit assets and liabilities at a particular point in time.

Under the Company's pension scheme rules, any surplus arising on payment of agreed contributions is fully recoverable.

## Notes to the Financial Statements
For the year ended 31 March 2021

### 1. Accounting policies (continued)

**Foreign currency**

The financial statements are presented in pounds sterling. This is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date

are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss during the period in which they arise except for:
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments).

**Finance costs**

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs. Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

**Financial Assets**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

**Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

## Notes to the Financial Statements
For the year ended 31 March 2021

## 1. Accounting policies (continued)

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

### Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables (see below).

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Trade and other receivables are recognised and carried at their original invoice amount less an allowance for expected credit losses. Expected credit losses are calculated as the difference between the amount contractually owed to the Company and the cash flows which the Company expects to receive. A provision matrix is used to calculate expected credit losses at the end of the reporting date which groups trade and other receivables based on their attributes, principally geographical region. Where required, the carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

### Financial liabilities

Borrowings are initially measured at fair value net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## 1. Accounting policies (continued)

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Restructuring Provisions**

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring and not expenditure associated with the ongoing activities of the entity.

**Warranty Provisions**

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products using the directors' best estimate of the expenditure required to settle the Company's obligation.

## 2. Critical accounting judgements and key sources of estimation uncertainty

**Critical judgements in the application of the company's accounting policies**

In the course of preparing the financial statements, certain judgements have been made in the process of applying the Company's accounting policies, in addition to those involving estimations (below), that have had a significant effect on the amounts recognised in the financial statements.

**Key sources of estimation and uncertainty**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events, ultimately the outcome may differ from those estimates.

The key sources of estimation uncertainty that have a potential risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

***Retirement benefit obligations***

The valuation of the Company's defined benefit plans is determined using actuarial valuations which make assumptions about discount rates, future salary increases, mortality rates and future pension increases. Net interest is calculated by applying the discount rate to the net defined benefit liability. Due to the long-term nature of these plans such estimates are subject to significant uncertainty. Further details are given in Note 23.

## 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

***Right-of-use assets***

Prior to the adoption of IFRS 16 'Leases', the Company had previously assessed operating lease arrangements at the Bredbury facility as onerous, with an onerous lease provision recorded in the balance sheet. On adoption of IFRS 16, the onerous lease provision (£2,718k at 31 March 2019) was derecognised with an equal amount recorded as a reduction to the opening value of right-of-use assets, resulting in a deemed cost on adoption of IFRS 16 of £3,463k. From 1 April 2019 the deemed cost is depreciated on a straight-line basis over the remaining period of the head lease. For further details refer to Note 13.

***Stock valuation***

Determining the carrying value of the Company's stock involves a number of estimations and assumptions, including those involved in deriving the gross value of stock under the Company's standard cost methodology and those involved in calculating an appropriate level of provision.

The Company's standard cost methodology allocates amounts of attributable direct costs, indirect costs and overheads incurred in the production process to the value of work in progress and finished goods. Determining the amount to absorb into these manufactured stock balances involves deciding which cost lines should be included within the standard costing model. The standard costing model is also dependent on the detailed financial budgets prepared at business unit level in relation to the anticipated future level of production costs, production volume and machine hours. While the budgets are subject to detailed review and challenge, they inherently rely on the estimations of management. The calculation of stock provisions requires estimation by management of the expected value of future sales. If the carrying value of stock is higher than the expected recoverable value, the Company makes provisions to write stock down to its net recoverable value. Stock is initially assessed for impairment by comparing stock levels to utilisation rates over the last 24 months.

At 31 March 2021, there was a total provision of £1.7m (2020: £1.5m) against gross stock of £6.7m (2020: £6.4m). See Note 16 for a breakdown of stock. A 5% increase in the proportion of raw materials provided for would increase the provision by £0.1m (2020: £0.1m) and a 5% increase in the proportion of finished goods provided for would increase the provision by £0.2m (2020: £0.2m).

## 3. Revenue

An analysis of the Company's revenue is as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Continuing operations** | | |
| Sales of goods | 37,493 | 48,642 |
| Royalty revenues | 1,113 | 1,299 |
| Rental income | 561 | 555 |
| | 39,167 | 50,496 |

An analysis of the Company's revenue by geographical market is set out below:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Turnover** | | |
| UK | 12,897 | 15,791 |
| Rest of Europe | 15,952 | 23,344 |
| Rest of World | 10,318 | 11,361 |
| | 39,167 | 50,496 |

## 4. Adjusting items reported after operating profit

During the prior year restructuring costs were incurred as part of the wider Renold plc Group Strategic Plan. The restructuring costs incurred related predominantly to redundancy costs.

The adjusting items reported after operating profit in the profit and loss account were as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Net restructuring costs | - | 169 |
| Adjusting items charged | - | 169 |

## 5. Net interest income/(expense)

| | 2021 £'000 | 2020 (restated[1]) £'000 |
|---|---|---|
| Bank loans and overdrafts | (348) | (465) |
| Interest expense on lease liabilities | (305) | (332) |
| Interest payable to group companies | (156) | (386) |
| Net IAS 19 financing costs | (1,218) | (1,278) |
| Discount unwind on SLP retirement benefit plan asset (see Note 23) | 505 | 705 |
| | (1,522) | (1,756) |

[1] See Note 25 for details of the restatement.

## 6. Profit before taxation

| | 2021 £'000 | 2020 (restated[1]) £'000 |
|---|---|---|
| Profit before taxation is stated after charging/(crediting): | | |
| Net foreign exchange (gains)/losses | (67) | 96 |
| Depreciation of owned tangible fixed assets | 894 | 922 |
| Depreciation of right-of-use assets | 933 | 944 |
| Amortisation of owned intangible fixed assets | 19 | 40 |
| Research and development costs | 467 | 668 |
| Cost of stock recognised as expense | 17,265 | 22,640 |
| Trade receivables impairment | 28 | 29 |
| Impairment of stock recognised as expense | 325 | 387 |
| Staff costs (see Note 8) | 10,049 | 11,542 |
| Government Assistance (See Note 8) | (963) | - |
| (Gain)/loss on disposal of FA | (12) | 38 |
| Other operating expenses | 6,239 | 6,468 |
| | 35,177 | 43,774 |

[1] See Note 25 for details of the restatement.

## Notes to the Financial Statements
For the year ended 31 March 2021

### 7. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual report and financial statements were £50,000 (2020: £60,000). Fees payable to Deloitte LLP and their associates for non-audit services to the company were £nil (2020: £nil).

### 8. Staff costs

The average monthly number of employees (including executive directors) during the financial year amounted to 246 (2020: 249). The total number of employees employed at 31 March 2021 was 244 (2020: 242). Their aggregate remuneration comprised:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Wages and salaries | 7,841 | 10,408 |
| Social security costs | 815 | 870 |
| Other pension costs | 430 | 264 |
| | 9,086 | 11,542 |

### 9. Directors' remuneration and transactions

All directors of the Company have wide ranging responsibilities for the management of the Renold Group and as such their emoluments are paid by Renold plc. The following amounts for executive emoluments therefore include appropriate sums, for executive services to the Company in respect of certain directors, which are included in management charges made by Renold plc.

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Directors' remuneration** | | |
| Emoluments | 235 | 214 |
| Company contributions to money purchase pension schemes | 15 | 11 |
| | 250 | 225 |

| | Number | Number |
|---|---|---|
| **The number of directors who:** | | |
| Are members of a money purchase pension scheme | 5 | 4 |
| Had awards receivable in the form of shares under a long-term incentive scheme | 4 | 6 |

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Remuneration of the highest paid director:** | | |
| Emoluments | 61 | 57 |
| Company contributions to money purchase pension schemes | 4 | 4 |

The highest paid director exercised no share options during the year but did receive shares under the Group's long term incentive scheme, details of which can be found on pages 147 and 148 of the Renold plc Group annual report and financial statements which are available as disclosed in Note 1.

## Notes to the Financial Statements
For the year ended 31 March 2021

### 10. Tax on profit

The tax (credit)/charge comprises:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Current tax** | | |
| Withholding tax | - | 27 |
| UK corporation tax on Research and Development Claim | 25 | - |
| **Total current tax** | 25 | 27 |
| **Deferred tax (see Note 15)** | | |
| Origination and reversal of temporary differences | (188) | 202 |
| Effect of changes in corporate tax rates | - | (91) |
| **Total deferred tax** | (188) | 111 |
| **Total tax on profit** | (163) | 138 |

The deferred tax credit in the year relates to an increase in the recognised deferred tax asset in respect of pension obligations. The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

| | 2021 £'000 | 2020 (restated[1]) £'000 |
|---|---|---|
| **Profit before tax** | 2,468 | 4,797 |
| Tax on profit at standard UK corporation tax rate of 19% (2020: 19%) | 469 | 911 |
| Effects of: | | |
| Permanent differences | 78 | - |
| Capital allowances in excess of depreciation | (214) | (70) |
| Withholding tax | - | 27 |
| Pension contributions | (173) | 173 |
| Effect of changes in corporate tax rates | - | (91) |
| Group relief | (342) | - |
| Utilisation of tax losses | - | (812) |
| UK corporation tax on Research and Development Claim | 25 | - |
| Other timing differences | (6) | - |
| **Total tax (credit)/charge for year** | (163) | 138 |

The Company earns its profits primarily in the UK. Therefore, the tax rate used for tax on profit is the standard rate for UK corporation tax, currently 19%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## Notes to the Financial Statements
For the year ended 31 March 2021

### 11. Intangible fixed assets

| | Computer Software £'000 |
|---|---|
| **Cost** | |
| At 1 April 2020 | 763 |
| Additions | 2 |
| Disposals | (10) |
| **At 31 March 2021** | 755 |
| **Amortisation** | |
| At 1 April 2020 | (709) |
| Charge for the year (included within operating expenses) | (19) |
| Disposals | 5 |
| **At 31 March 2021** | (723) |
| **Net book value** | |
| **At 31 March 2021** | 32 |
| At 31 March 2020 | 54 |

### 12. Tangible fixed assets

| | Freehold buildings £'000 | Short leasehold land & buildings £'000 | Plant and machinery £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 April 2020 | 3,544 | 347 | 20,069 | 23,960 |
| Additions | - | 17 | 334 | 351 |
| Disposals | - | - | (514) | (514) |
| At 31 March 2021 | 3,544 | 364 | 19,889 | 23,797 |
| **Depreciation** | | | | |
| At 1 April 2020 | (1,057) | (168) | (15,230) | (16,455) |
| Charge for the year | (71) | (49) | (774) | (894) |
| Disposals | - | - | 505 | 505 |
| At 31 March 2021 | (1,128) | (217) | (15,499) | (16,844) |
| **Net book value** | | | | |
| **At 31 March 2021** | 2,416 | 147 | 4,390 | 6,953 |
| At 31 March 2020 | 2,487 | 179 | 4,839 | 7,505 |

Property, plant and equipment pledged as security for liabilities amounted to £7.0 million (2020: £7.5 million).

## Notes to the Financial Statements
For the year ended 31 March 2021

## 12. Tangible fixed assets (continued)

Freehold land and buildings were professionally valued to fair value by Colliers CRE, Chartered Surveyors, on the basis of market value at March 2004, as part of the transition of the Renold plc Group financial statements to International Financial Reporting Standards. The valuation conforms to International Valuation Standards and was based on market transactions on arm's length terms for similar properties. The valuation was taken as the deemed cost of freehold land and buildings on the Company's transition to FRS 101 at 1 April 2014. Subsequent additions are at cost, as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Freehold land and buildings - Valuation | 2,880 | 2,880 |
| Freehold land and buildings - Cost | 664 | 664 |
| Freehold land and buildings - Cost or revaluation at 31 March | 3,544 | 3,544 |

If freehold land and buildings had not been revalued they would have been included at the following amounts:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Cost | 1,564 | 1,564 |
| Depreciation | (1,048) | (1,017) |
| Net Book Value | 516 | 547 |

## 13. Leasing and right-of-use assets

***Right-of-use assets***

| | Land & buildings £'000 | Plant and machinery £'000 | Total £'000 |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 April 2020 | 5,080 | 1,459 | 6,539 |
| Exchange | - | (1) | (1) |
| Additions | - | 6 | 6 |
| Disposals | - | (38) | (38) |
| At 31 March 2021 | 5,080 | 1,426 | 6,506 |
| **Depreciation** | | | |
| At 1 April 2020 | (472) | (472) | (944) |
| Charge for the year | (475) | (458) | (933) |
| Disposals | - | 38 | 38 |
| At 31 March 2021 | (947) | (892) | (1,839) |
| **Net book value** | | | |
| **At 31 March 2021** | 4,133 | 534 | 4,667 |
| At 31 March 2020 | 4,608 | 987 | 5,595 |

## Notes to the Financial Statements
For the year ended 31 March 2021

## 13. Leasing and right-of-use assets (continued)

An onerous lease provision of £2.7m, initially established in 2014 following the closure of the Bredbury manufacturing facility, was derecognised on 1 April 2019 following the adoption of IFRS 16. The £2.7m was recorded as a reduction to the opening carrying value of the Bredbury right-of-use property. The lease expires in May 2030 at a rental cost of £0.8m per annum; a significant proportion of this site was sublet for a term of five years to August 2021 for a rent of £0.6m per annum. Negotiations to extent the lease with the existing subtenant are in progress and are expected to be concluded prior to the financial year end. While a range of possible outcomes exist for the continuation of subletting the property, the extent of this range is a reduction in right-of-use assets of up to £2.7m (the future net book value of the Bredbury property at the end of the existing sublet agreement).

***Lease liabilities***

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| **Maturity analysis – contractual undiscounted cash flows** | | |
| Less than one year | 1,526 | 1,541 |
| Due in second year | 1,112 | 1,526 |
| Three to five years | 3,176 | 3,290 |
| More than five years | 7,569 | 9,456 |
| Total undiscounted lease liabilities at 31 March | 13,383 | 15,813 |
| Less: Interest allocated to future periods | (2,823) | (3,800) |
| Lease liabilities included in the Balance Sheet | 10,560 | 12,013 |
| Current | 1,027 | 1,494 |
| Non-current | 9,533 | 10,519 |

***Amounts recognised in profit or loss***

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Interest on lease liabilities | (305) | (332) |
| Income from sub-leasing right-of-use assets | 561 | 555 |

***Cash flows***

Cash outflows in relation to leases were £1,459k for the repayment of principal under lease liabilities and £305k for the repayment of interest on lease liabilities.

## 14. Investments

**Subsidiary undertakings**

| | £ |
|---|---|
| **Cost** - At 31 March 2020 and 31 March 2021 | 7,688 |
| **Provisions for impairment** - At 31 March 2020 and 31 March 2021 | (7,688) |
| **Net book value** - At 31 March 2020 and 31 March 2021 | - |

Details of the Company's subsidiaries at 31 March 2021 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

## Notes to the Financial Statements
For the year ended 31 March 2021

### 14. Investments (continued)

| Name *(registered office)* | Principal activity | Place of incorporation (or registration) and operation | Proportion of ownership interest and voting power held % |
|---|---|---|---|
| Renold GmbH *(Juliusmuhle, 37574, Einbeck, Germany)* | Chain and power transmission products manufacturing company | Austria | 100% |
| Renold A/S *(Kaerup Alle 2, 1. Benlose, 4100, Ringstad)* | Sales liaison services company | Denmark | 100% |
| Renold Transmission AB *(Trident 2, Trident Business Park, Styal Road, Manchester, United Kingdom, M22 5XB)* | Sales liaison services company | Sweden | 100% |
| Renold Continental Limited *(Trident 2, Trident Business Park, Styal Road, Manchester, United Kingdom, M22 5XB)* | Sale of Chain and power transmission products | UK | 100% |
| Renold Polska s.p. zoo *(ul. Mlyńska 11, 40-098 Katowice)* | Sales liaison services company | Poland | 100% |

The investments in subsidiaries are all stated at cost less provision for impairment.

Group financial statements are not prepared as Renold Power Transmission Limited is itself a wholly owned subsidiary of Renold plc, which is a company registered in England and is the immediate parent company and controlling party. Financial information is presented for Renold Power Transmission Limited as an individual company and not for its group. Group financial statements for Renold plc, which include the financial statements of the Company and its subsidiaries, can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

### 15. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Tax assets – Pension plans | 11,049 | 9,687 |

Movement in the deferred tax balance relating to assets during the current and prior year:

| | 1 April £'000 | Recognised in income statement £'000 | Recognised in equity £'000 | Effect of change in tax rate – income statement £'000 | Effect of change in tax rate – equity £'000 | 31 March £'000 |
|---|---|---|---|---|---|---|
| 2021 - Pension plans | 9,687 | 188 | 1,174 | - | - | 11,049 |
| 2020 - Pension plans | 9,251 | (202) | (450) | 91 | 997 | 9,687 |

At the balance sheet date, the Company has unused tax losses and capital allowances of £36.9m (2020: £36.9m) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses as it is not considered probable that there will be future taxable profits available. The losses can be carried forward indefinitely.

## 16. Stocks

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Raw materials and consumables | 916 | 839 |
| Work in progress | 662 | 579 |
| Finished goods and goods for resale | 3,470 | 3,507 |
| | 5,048 | 4,925 |

Stock pledged as security for liabilities amounted to £5.0 million (2020: £4.9 million).

## 17. Debtors

| | 2021 £'000 | 2020 (restated[1]) £'000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Trade debtors | 3,960 | 8,491 |
| Amounts owed by group undertakings | 3,166 | 5,243 |
| Other taxation | 53 | 435 |
| Prepayments and accrued income | 43 | 724 |
| | 7,222 | 14,893 |
| **Amounts falling due after more than one year:** | | |
| Amounts owed by group undertakings | 917 | 1,822 |

[1] See Note 25 for details of the restatement.

Balances owed by group undertakings are held at amortised cost, unsecured, bear no interest and are repayable on demand. At 31 March 2021 there were no amounts receivable or payable to customers for contract work (2020: £nil).

## 18. Creditors – amounts falling due within one year

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Trade creditors | 2,663 | 2,696 |
| Amounts owed to group undertakings | 2,328 | 3,910 |
| Other taxation and social security | 457 | 515 |
| Other creditors | - | 149 |
| Accruals and deferred income | 2,253 | 1,982 |
| | 7,701 | 9,252 |

Amounts owed to group undertakings are repayable on demand, bear no interest and are held at amortised cost. The Company did not operate supplier financing or reverse factoring programmes during the current or prior financial year.

## Notes to the Financial Statements
For the year ended 31 March 2021

## 19. Borrowings

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Overdrafts | 1,679 | - |
| **Amounts falling due after more than one year:** | | |
| Bank loans | 12,259 | 15,421 |

Borrowings are repayable as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Bank loans** | | |
| Between two and five years | 12,259 | 15,421 |

The above loans form part of the Renold plc Group core banking facilities, which mature in March 2024 and on which the Group pays interest at LIBOR plus a variable margin. Further details of this facility are provided on page 139 of the Group financial statements which are available as disclosed on page 15.

## 20. Creditors – amounts falling due after more than one year

| | 2021 £'000 | 2020 (restated[1]) £'000 |
|---|---|---|
| Amounts owed to parent undertaking | 7,383 | 12,972 |

[1] See Note 25 for details of the restatement.

Amounts owed to parent undertaking attract varying rates of interest, are unsecured and are repayable in more than one year.

## 21. Share capital

| | Number of shares | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| Authorised, allotted, called up and fully paid ordinary shares of £1 each | 17,495,973 | 17,496 | 17,496 |

## 22. Financial commitments

At the balance sheet date, capital expenditure contracted for but not provided for in these accounts amounted to £0.3m (2020: £0.3m) of which all related to the acquisition of property, plant and equipment.

## 23. Retirement benefit schemes

### Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

## Notes to the Financial Statements
For the year ended 31 March 2021

### 23. Retirement benefit schemes (continued)

The total cost charged to income of £430,000 (2020: £264,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

**Defined benefit schemes**

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| IAS 19 retirement benefit obligation | (58,150) | (50,984) |
| Renold Scottish Limited Partnership retirement benefit plan asset[1] | 35,614 | 21,098 |
| Defined benefit pension scheme | (22,536) | (29,886) |

[1] In 2014, a deemed contribution of £30m was made to the pension scheme, which in turn invested the £30m in the Renold Scottish Limited Partnership (the "SLP"). This has been recognised as a plan asset and unwinds, by way of a reduction in the asset and with a corresponding increase in the IAS 19 retirement benefit obligation, in line with the committed cash contributions made by the SLP to the scheme (over the 25 year period ending in 2038). At each balance sheet date the value of the SLP plan asset is calculated as the discounted value of the expected future cash contributions payable by the SLP under the scheme. Remeasurement gains or losses are recorded in other comprehensive income.

There is a contractual agreement between the ultimate parent company, Renold plc, and Renold Power Transmission Limited to reflect the IAS 19 defined benefit pension scheme obligation in a 25:75 split respectively. Further details of the Group defined benefit scheme are disclosed on pages 142 to 146 of the consolidated financial statements of the ultimate parent company, which are available as disclosed on page 15.

The movement in the present value of the total defined benefit plan scheme is as follows:

| | IAS 19 liabilities £'000 | IAS 19 plan assets £'000 | **Total IAS 19 defined benefit obligation £'000** | SLP retirement benefit plan asset £'000 | **Total defined benefit pension scheme £'000** |
|---|---|---|---|---|---|
| **At 1 April 2019** | (158,369) | 103,953 | **(54,416)** | 29,997 | **(24,419)** |
| Interest income/(expense) | (3,713) | 2,435 | **(1,278)** | 705 | **(573)** |
| Remeasurement gains/(losses) | 6,981 | (2,271) | **4,710** | (9,604) | **(4,894)** |
| Benefits paid | 7,393 | (7,393) | **-** | - | **-** |
| **At 31 March 2020** | (147,708) | 96,724 | **(50,984)** | 21,098 | **(29,886)** |
| Past service cost | (207) | - | **(207)** | - | **(207)** |
| Interest income/(expense) | (3,456) | 2,238 | **(1,218)** | 505 | **(713)** |
| Remeasurement gains/(losses) | (16,462) | 10,283 | **(6,179)** | 14,011 | **7,832** |
| Benefits paid | 7,473 | (7,473) | **-** | - | **-** |
| Employer contributions | - | 438 | **438** | - | **438** |
| **At 31 March 2021** | (160,360) | 102,210 | **(58,150)** | 35,614 | **(22,536)** |

### 24. Related party transactions

The company has taken advantage of the disclosure exemptions in FRS 101 not to disclose transactions with other wholly owned members of the Renold plc Group.

## Notes to the Financial Statements
For the year ended 31 March 2021

### 25. Restatement due to prior year adjustment

During the year, management identified that the accounting entries in relation to the Company's SLP retirement benefit plan asset had been incorrectly recorded in the Company's financial statements in the periods since adoption of FRS 101. The accounting errors arose between the Company and its parent company (Renold plc) due to the incorrect recharge of pension payments by the parent company. Furthermore, the valuation of the SLP retirement benefit plan asset was found to be incorrect.

The asset qualifies as a plan asset and is now being carried at fair value. As such, the asset has now been recorded against the defined benefit obligation (previously reported as a separate line item within Fixed Assets on the face of the balance sheet).

In addition, a restatement of the comparative Balance Sheet for the year ended 31 March 2020 has been prepared in order to split the current and long-term debtors due from the parent company to appropriately reflect the classification as long-term receivables.

The impact, on a line item basis, on the Statement of Comprehensive Income for the year ended 31 March 2020, and on the Balance Sheet for the year ended 31 March 2019 and 31 March 2020 is as follows:

| Statement of Comprehensive Income for the year ended 31 March 2020 | As previously reported £'000 | Prior year adjustment £'000 | Restated[1] £'000 |
|---|---|---|---|
| **Revenue** | 50,496 | - | 50,496 |
| Operating expenses | (45,185) | 1,411 | (43,774) |
| **Operating profit before adjusting items** | 5,311 | 1,411 | 6,722 |
| Adjusting items | (169) | - | (169) |
| **Operating profit** | 5,142 | 1,411 | 6,553 |
| Net interest expense | (2,461) | 705 | (1,756) |
| **Profit before taxation** | 2,681 | 2,116 | 4,797 |
| Tax on profit | (138) | - | (138) |
| **Profit for the financial year** | 2,543 | 2,116 | 4,659 |
| **Other comprehensive (expense)/income for the year, net of tax** | 2,938 | (7,259) | (4,321) |
| **Total comprehensive (expense)/income for the year, net of tax** | 5,481 | (5,143) | 338 |

## 25. Restatement due to prior year adjustment (continued)

| Balance Sheet for the years ended 31 March 2019 and 31 March 2020 | 31 March 2020 | | | |
|---|---|---|---|---|
| | As reported £'000 | Intercompany reclassification £'000 | Pension accounting £'000 | Restated £'000 |
| Defined benefit pension scheme contribution | 23,982 | - | (23,982) | - |
| Debtors – Long-term | - | 1,822 | - | 1,822 |
| Total: Fixed assets | 46,823 | 1,822 | (23,982) | 24,663 |
| Debtors – current | 18,126 | (1,822) | (1,411) | 14,893 |
| Total: Current assets | 28,216 | (1,822) | (1,411) | 24,983 |
| Trade and other creditors - current | (20,080) | - | 10,828 | (9,252) |
| Total: Creditors: Amounts falling due within one year | (21,574) | - | 10,828 | (10,746) |
| Total: Net current assets | 6,642 | (1,822) | 9,417 | 14,237 |
| Total assets less current liabilities | 53,465 | - | (14,565) | 38,900 |
| Defined benefit pension scheme | (50,984) | - | 21,098 | (29,886) |
| Total: Creditors: Amounts falling due after more than one year | (89,896) | - | 21,098 | (68,798) |
| Net liabilities | (36,431) | - | 6,533 | (29,898) |
| Profit and loss account | (53,927) | - | 6,533 | (47,394) |
| Shareholders' deficit | (36,431) | - | 6,533 | (29,898) |

## 26. Controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Renold plc, a company incorporated in the United Kingdom. The parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is Renold plc, a company incorporated in the United Kingdom. Copies of the group annual report and financial statements of Renold plc can be obtained from the Group's registered office at Trident 2, Trident Business Park, Styal Road, Wythenshawe, Manchester, M22 5XB.

## 27. Post balance sheet events

On the 8 April 2021 Renold completed the acquisition of the conveyor chain business of Brooks Ltd in Manchester, UK, for a total consideration of £0.6m, including £0.3m of deferred consideration. In the current year the business is expected to generate additional sales for the Group of c.£1.0m, and add c.£0.2m to Group operating profit. The business will be integrated into the Renold UK Service centre in Manchester.