TT Electronics IoT Solutions Limited

Annual report and financial statements

Year ended 31 December 2022

Registered number 00236394

Contents

Strategic report
For the year ended December 2022

Business review and future developments

TT Electronics IoT Solutions Limited's (the "Company" or "TT") core business activities are providing integrated design-led technologies to Original Equipment Manufacturer (OEM) customers in the automotive, healthcare, security, industrial, aerospace and defence and smart-home markets, the design, manufacture and supply of electronic power supplies, transformers and related electronic components and the holding of investments in subsidiaries.

Turnover increased in 2022 by 19% from 2021 due to improved delivery performance against a strong orderbook, this improvement has been delivered despite continued supply chain disruption to lead times and cost. The loss before tax for the year was £8.6m (2021: £8.3m) of which £1.3m was a non-recurring asset write-down. Net liabilities stand at £12.6m due to losses incurred in the year. (2021: Net liabilities £5.8m).

Regarding future developments the business is forecasting to see an improvement to profitability on previous years as site management continue to work to improve performance. Investment in equipment to increase automation of production and improve quality is committed to in 2023 and a reduction to the cost-base will also be completed in 2023.

The Company is a component of the group of companies headed by TT Electronics plc (the Group). Further details of the objectives and future developments for the Group are disclosed in the TT Electronics plc Group consolidated financial statements for the year ended 31 December 2022.

Principal risks and uncertainties

The Company is designated as an essential business, engineering and manufacturing of electronic products for key customers in Medical, Aerospace, Defence, and Industrial markets.

The principal external risks to the Company include ongoing advances in technologies, material supply issues, global price competition and economic conditions.

The directors regularly review the risks faced by the Company and seek to mitigate these by pursuing opportunities in other market sectors and by ongoing commitment to operational excellence and efficiency improvement initiatives. It also avoids excessive dependence upon a few customers or markets by supplying a wide range of customers across a diverse market-place with a varied range of products.

Financial risk management objectives and policies

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

Interest rate risk

The Company finances its operations through a mixture of retained profits and intercompany accounts. The Company's exposure to interest rate fluctuations on its borrowings is managed on a Group basis by the use of fixed and floating facilities.

Liquidity risk

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

Currency risk

The Company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures are hedged when known, mainly using the forward hedge market.

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For the year ended December 2022

Results and dividends

Results

	2022 £000	2021 £000
Turnover	28,747	24,192
Loss before tax	(8,632)	(8,275)
Capital expenditure on tangible fixed assets	104	171
Average number of employees	151	129
Net liabilities	(14,297)	(5,773)

The Company achieved sales during the year of £28.8m (2021: £24.2m) a 19% increase over the prior year principally due to delivery of a strong orderbook built up during earlier years. 2023 is expected to continue this trend with the orderbook remaining strong and production performance improving.

The loss for the year, before taxation, amounted to £8.6m (2021: loss £8.3m). Capital expenditure in the year was reduced to focus on delivery with headcount increasing accordingly. Net liabilities continued to increase as a result of the losses generated in the year.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022 (2021: £0).

People

The Group is committed to the fair and equal treatment of all its employees regardless of gender, race, age, religion, disability or sexual orientation. Where existing employees become disabled, the policy of the Group is to provide continuing employment and training wherever practicable.

The Group makes significant efforts to ensure it maintains high standards of employee welfare in all its operations, irrespective of where in the world, and of local market conditions. Together with many other global companies operating in this sector, the Group is a member of the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition), a leading industry organisation promoting best practice in corporate responsibility, which is committed to raising standards of employee welfare, (addressing such issues as modern slavery) in all jurisdictions and at all levels of the supply chain for electronic products. Further details on the Group's activities and policies relating to its employees are included in the Group annual report and accounts for 31 December 2022 which can be found at http://www.ttelectronics.com/investor-overview

A review of the Company's engagement activities in 2022 with employees can be found in the Directors' report.

Corporate responsibility

The Group's corporate sustainability strategy and performance is published on its website at www.ttelectronics.com.

A summary of the year's activities is included in the TT Electronics plc consolidated financial statements for the year ended 31 December 2022, which is available on the Group's website: http://www.ttelectronics.com/investor-overview.

S172 Statement

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

The board of directors of TT Electronics IoT Solutions Limited considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of

Strategic report
For the year ended December 2022

its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2022.

The board of directors have identified the key stakeholders that are impacted by the company's activities and have identified the activities through which the board can either directly or indirectly (through senior management or the wider group's engagement) engage with these stakeholders. The board also confirms that decisions affecting the Company made by the board of directors have been made in consideration of the Company's stakeholders and the information they have provided to the wider group of companies facilitates in decision-making at a divisional or group level with regard to the Group's stakeholders.

Stakeholder Group	Our activities that affect our stakeholders:	How we have engaged:	Outcomes of our engagement:
Parent Company and the TT Group	Operations and production pipeline Safety, quality control, reliability Financial results and dividend policy Footprint optimisation Payment practices Responsible business/ethics	Regular reports to the Executive Management Board regarding operations, site activities, Health and Safety and strategic decisions Regular engagement with Group functions Reporting to Group councils Internal reporting processes share information on health & safety, strategy, production and financial performance from site level through to the Group's Executive Management Board and the Group's board of directors.	All decisions promote the long-term success of the Company for the benefit of its members The Group-wide strategy leads the Company's business operations Group-wide HSE policies and processes are considered in strategic and operational decisions Financial decisions are made based on the long-term success of the company and the benefit to the parent company and wider group of companies
Customers and Suppliers	Research and development (R&D) Operations and production pipeline Safety, quality control, reliability Legal and regulatory compliance Payment practices Responsible business/ethics	Direct interactions with customers and suppliers through the commercial teams. "Voice of the customer" feedback informs our business development, R&D and operations approaches. Regular updates and reports are received from customer liaison on our responses to the challenges faced by our customers and the key customer and supplier initiatives within the Company. Payment practices, and the effect this has on our suppliers is reported publicly every six months.	Board decisions are considered in terms of the impact on the customer experience. Regulatory changes are reviewed in consideration of the effects on customers Group wide policies (e.g. Business Ethics, Modern Slavery, anti-bribery, GDPR) are implemented with consideration to the effects on customers Board decisions must maintain the company's reputation for high standards of business conduct
Community and Environment	Employment, training, and apprenticeships Pollution, waste, environmental policies Local operational impact	TT is a member of the Confederation of British Industry (CBI) and the Responsible Business Alliance and is committed to working in an ethically responsible way towards creating a more prosperous society.	Operational and strategic decisions are taken at a divisional and group level with the view of maintaining the Group's reputation for high standards of business conduct

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For the year ended December 2022

	Helping local communities Footprint optimisation	The Company has created a Social Value Committee, a team of employees that engage with the local community and local charities to explore options through which TT can positively impact the communities in which it operates. The Company has created a Sustainability council to identify opportunities and priorities to develop our sustainability agenda and to work together to share and embed good practices aligned with TT Electronics' purpose. The Council's focus is on environmental initiatives to minimise TT's negative impact on the environment, whilst maximising its positive impact. The creation of a local 'Green Team' to deliver sustainability objectives and targets at a local site level set by the TT Electronics Sustainability Council (e.g. environmental pledges such as 'Pass on Plastics') The Group publishes its emissions report in the TT Electronics plc annual report which is available on the Group's website: http://www.ttelectronics.com/investor-overview.	A strong environmental focus leading to a reduction in utility costs, CO2 emissions and the use of single use plastics. The creation of working partnerships with local charities.
Employees	Employment, training and apprenticeships Group employment policies Investment in our sites Diversity/Inclusion Health & Safety Group strategy	Group-wide engagement process to ensure that the voice of the employee is considered in the Group's board decision-making. Further information available in the TT Electronics plc annual report which is available on the Group's website: http://www.ttelectronics.com/investor-overview. A Health & Safety site-based committee operates to promote HSE awareness on site and explore how the business could positively impact the environment through site based initiatives. Quarterly employee 'Town Hall' meetings are run on site. These meetings are led by senior management and are a vehicle for providing all employees with a Business, HSE, HR, Manufacturing, Finance and Quality Engineering update. An employee led 'Works Council' meet to engage with all employees and discuss site-based activity. An employee engagement working group has been created to ensure that employee views are respected, understood, listened to and acted upon. The group reports back to employees each month– showcasing ongoing engagement activity and highlighting how it	Employee engagement activities and outcomes are considered by the directors and site level and operational decisions are taken with consideration to the effects on employees High levels of employee HSE engagement on site leading to zero reportable accidents for the year. Town Hall and Works Council meetings leading to increased levels of 'employee voice' on site with an increased volume of employee suggestions and improvements implemented.

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For the year ended December 2022

		positively impacts both TT employees and the local community. An employee 'Be Inspired' scheme which allows employees to nominate colleagues for awards that have demonstrated exceptional performance within their roles.	

Approved by the board of directors on 6 July 2023 and signed on its behalf by:

SPC Evans
Director

Fourth Floor
St Andrews House
West Street
Woking
GU21 6EB

Director's report
For the year ended December 2022

The directors present their annual report on the affairs of TT Electronics IOT Solutions Limited (the "Company"), together with the audited Financial Statements and the independent auditors' report, for the year ended 31 December 2022.

The following information and disclosures that are required under company law are included in the Strategic Report and are incorporated into this report by reference:

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

Research and development

The Company commits significant resource to research and development, both internally by enhancing products and processes and externally with collaborative partners. Expenditure on research and development is identified on a project by project basis and where the Group criteria is reached, the R&D is capitalised and written off over the expected length of the product life.

Directors

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

Name	**Appointed**	**Resigned**
C Peppiatt	3rd October 2011	31st March 2022
R Jain	18th April 2018	16th March 2022
S Partridge	18th April 2018	
SPC Evans	31st March 2022	

Directors' remuneration

Directors' remuneration has been disclosed in note 4 to the Financial Statements.

Political donations

The Company made no political donations and incurred no political expenditure during the year ended 31 December 2022 (2021: £Nil).

Share capital

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

Going concern

The Company's operations and financial condition, together with factors likely to affect its future development, performance and condition are set out in the Strategic report and below.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company has also received a letter of support from its direct parent, and ultimate parent of the Group, TT Electronic Plc which states that TT Electronics Plc will support, financially and operationally, the Company, including not calling in intercompany loans for at least twelve months from the date of signing these financial statements. Therefore, the directors have reviewed the going concern status of the Company by considering the Company's latest forecasts and those of the Group.

Director's report
For the year ended December 2022

The Group's financial projections contain key assumptions surrounding revenue and operating profit growth in 2023 & 2024, these estimates show financial performance continuing to improve year on year. Under the Group's financial projections, the Group retains significant liquidity and covenant headroom, with both metrics improving from the position as at 31 December 2022.

The Group's financial projections have been stress tested for "business as usual" risks (such as profit growth and working capital variances), and the impact of the following principal risks: general revenue reductions, contractual risks, people and capability, supplier resilience and health and safety (occurring both individually and in unison). Principal risks which were not specifically modelled were either considered not likely to have an impact within the going concern period or their financial effect was covered within the overall downside economic risks implicit within the stress testing. Under the stress tested modelling, the liquidity headroom within the group remains significant. Financial covenants continue to be in compliance under the stress tested model and management have a number of mitigating actions which could be undertaken if required.

A "reverse" stress-test was also modelled to understand the conditions which could jeopardise the ability of the Group to continue as a going concern, including assessing against covenant testing and facility headroom. The stress testing also considered mitigating actions which could be put in place. Mitigating actions included limiting capital expenditure and reducing controllable costs, including items such as discretionary bonuses and pay rises. The reverse stress test is deemed to have a remote likelihood and help inform the Directors' assessment that there are no material uncertainties in relation to going concern.

Details regarding the Company's financial risk management policies and processes are given in the Strategic report and in Note 22 of the Group's financial statements. The going concern basis is underpinned by the Group's confirmation to continue to provide financial and operational support to the company for at least twelve months from date of signing these financial statements.

Based on this analysis, and the directors' regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through the Company's ability to flex its capital expenditure plans and cost base, which would result in the Company not being able to meet its liabilities as they fall due. The nature of the business' other principal risks is such that, while they could affect the Company's ability to achieve its objectives, they are unlikely to prevent the Company from meeting its liabilities as they fall due.

<u>Disclosure of information to auditor</u>

The directors confirm that, as at the date this report was approved, to the best of each director's knowledge and belief, there is no audit information relevant to the preparation of the auditor's report of which the auditor is unaware and each director has taken all the steps which might be expected to be aware of such relevant information and to establish that the auditor is also aware of that information.

<u>Auditor</u>

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

<u>Directors' responsibilities statement</u>

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;

Director's report
For the year ended December 2022

- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the board of directors on 6 July 2023 and signed on its behalf by:

SPC Evans
Director

Fourth Floor
St Andrews House
West Street
Woking
GU21 6EB

Independent auditor's report to the members of TT Electronics IOT Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ***TT IOT Solutions Limited*** (the 'company'):

- give a true and fair view of the state of the company's affairs as of 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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.

Independent auditor's report to the members of TT Electronics IOT Solutions 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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

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

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

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, 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 TT Electronics IOT Solutions 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.

Sam Hore

Sam Hore, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, England

United Kingdom

6 July 2023

Profit & loss account
For the year ended December 2022

	Note	2022 £000	2021 £000
Revenue	2	**28,747**	24,192
Cost of sales		**(28,554)**	(21,760)
Gross profit		**193**	2,432
Selling and distribution costs		**(2,597)**	(2,215)
Administrative expenses		**(6,228)**	(8,491)
Other operating income and expenses		**-**	184
Restructuring and impairment charges		**-**	(184)
Operating loss		**(8,632)**	(8,274)
Finance costs	5	**-**	(1)
Loss before taxation		**(8,632)**	(8,275)
Taxation	6	**(185)**	(1,965)
Loss for the financial year		**(8,817)**	(10,240)
Other comprehensive income			
Loss for the financial year		**(8,817)**	(10,240)
Items that are or may be reclassified subsequently to the income statement:			
Remeasurement of defined benefit pension schemes	18	3	(54)
Effective portion of changes in fair value of cash flow hedges	16 &17	290	16
Other comprehensive income/(expense) for the year, net of income tax		293	(38)
Total comprehensive loss for the year		(8,524)	(10,278)

Balance sheet

As at 31 December 2022

	Note	2022	2022	2021	2021
ASSETS		**£000**		£000	
Non-current assets					
Intangible assets	7	**12,892**		12,890	
Investments	8	**13,964**		13,964	
Right-of-use assets	9	**11**		12	
Tangible fixed assets	10	**1,323**		2,819	
			28,190		29,685
Current assets					
Inventories	11	**9,615**		12,146	
Debtors	12	**8,006**		8,528	
Income taxes receivable		**22**		-	
		17,643		20,674	
Creditors: amounts falling due within one year	13	**(56,531)**		(55,767)	
Borrowings		**(3,584)**		(320)	
		(60,115)		(56,087)	
Net current liabilities			**(42,472)**		(35,413)
Total assets less current liabilities			**(14,282)**		**(5,728)**
Provisions for liabilities	15		**(15)**		(15)
Gross pension liability	14		**-**		(30)
Net liability			**(14,297)**		(5,773)
EQUITY					
Called up share capital	19		**1,909**		1,909
Share premium			**4,378**		4,378
Profit and loss account	19		**(23,447)**		(14,633)
Merger reserve	19		**1,559**		1,559
Cash flow hedge reserve	19		**199**		(91)
Capital contribution reserve	19		**1,017**		1,017
Capital redemption account	19		**88**		88
Total equity			**(14,297)**		(5,773)

The notes on pages 17 to 32 form part of these financial statements.

These financial statements were approved by the board of directors on 6 July 2023 and signed on their behalf by:

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Simon Evans
Director

Stewart Partridge
Director

Registered number 00236394

Statement of changes in equity
For the year ended December 2022

	Called up share capital	Share premium	Profit and loss account	Merger reserve	Cash flow hedge reserve	Other reserves	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance At 1 January 2021	**1,909**	**4,378**	**(4,339)**	**1,559**	**(107)**	**1,105**	**4,505**
Total comprehensive income for the year							
Loss for the financial year	-	-	(10,240)	-	-		**(10,240)**
Remeasurement of defined benefit pension schemes	-	-	(54)	-	-		**(54)**
Effective portion of change in fair value of cash flow hedges	-	-	-	-	16		**16**
Total comprehensive income/(expense) for the year	-	-	**(10,294)**	-	**16**	-	**(10,278)**
Balance At 31 December 2021	**1,909**	**4,378**	**(14,633)**	**1,559**	**(91)**	**1,105**	**(5,773)**
Balance At 1 January 2022	**1,909**	**4,378**	**(14,633)**	**1,559**	**(91)**	**1,105**	**(5,773)**
Total comprehensive income for the year							
Loss for the financial year	-	-	(8,817)	-	-	-	(8,817)
Remeasurement of defined benefit pension schemes	-	-	3	-	-	-	3
Effective portion of change in fair value of cash flow hedges	-	-	-	-	290	-	290
Balance At 31 December 2022	**1,909**	**4,378**	**(23,447)**	**1,559**	**199**	**1,105**	**(14,297)**

Notes to the financial statements

1 Basis of preparation

Basis of accounting
TT Electronics IoT Solutions Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the Company's registered office is shown in the strategic report. The nature of the Company's operations and its principal activities is set out in the strategic report.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

These financial statements are presented in pounds sterling, which is also the functional currency of the Company. The owners and directors of the entity have the power to amend these financial statements if a material misstatement is identified.

The Company is exempt from the preparation and delivery of consolidated financial statements because it is included in the group accounts of TT Electronics plc. The group accounts of TT Electronics plc are available to the public and can be obtained as set out in note 21.

The company has applied the exemptions available under FRS 101 in respect of the following disclosures:

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

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

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share based payments;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets

Adoption of new and revised Standards
At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- Classification of liabilities as current or non-current (amendments to IAS 1)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Annual improvements 2018-2020 Cycle
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts – Cost of fulfilling a Contract (Amendments to IAS 37)
- Amendments to IFRS 17
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
- Initial Application of IFRS 17 and IFRS 9 – Comparative information (Amendment to IFRS 17)

Notes to the financial statements

Accounting policies
The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. These financial statements have been prepared under the historic cost convention as modified by financial instruments recognised at fair value.

In applying the Company's accounting policies the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors considered relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not deem there to be any critical judgements or any key sources of estimation uncertainty that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Going concern
The Company's operations and financial condition, together with factors likely to affect its future development, performance and condition are set out in the Strategic report and below.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company has also received a letter of support from its direct parent, and ultimate parent of the Group, TT Electronic Plc which states that TT Electronics Plc will support, financially and operationally, the Company, including not calling in intercompany loans for at least twelve months from the date of signing these financial statements. Therefore, the directors have reviewed the going concern status of the Company by considering the Company's latest forecasts and those of the Group.

The Group's financial projections contain key assumptions surrounding revenue and operating profit growth in 2023 & 2024, these estimates show financial performance continuing to improve year on year. Under the Group's financial projections, the Group retains significant liquidity and covenant headroom, with both metrics improving from the position as at 31 December 2022.

The Group's financial projections have been stress tested for "business as usual" risks (such as profit growth and working capital variances), and the impact of the following principal risks: general revenue reductions, contractual risks, people and capability, supplier resilience and health and safety (occurring both individually and in unison). Principal risks which were not specifically modelled were either considered not likely to have an impact within the going concern period or their financial effect was covered within the overall downside economic risks implicit within the stress testing. Under the stress tested modelling, the liquidity headroom within the group remains significant. Financial covenants continue to be in compliance under the stress tested model and management have a number of mitigating actions which could be undertaken if required.

A "reverse" stress-test was also modelled to understand the conditions which could jeopardise the ability of the Group to continue as a going concern, including assessing against covenant testing and facility headroom. The stress testing also considered mitigating actions which could be put in place. Mitigating actions included limiting capital expenditure and reducing controllable costs, including items such as discretionary bonuses and pay rises. The reverse stress test is deemed to have a remote likelihood and help inform the Directors' assessment that there are no material uncertainties in relation to going concern.

Details regarding the Company's financial risk management policies and processes are given in the Strategic report and in Note 22 of the Group's financial statements. The going concern basis is underpinned by the Group's confirmation to continue to provide financial and operational support to the company for at least twelve months from date of signing these financial statements.

Based on this analysis, and the directors' regular monitoring and review of risk management and internal control systems, we do not believe there are any reasonably foreseeable events that could not be mitigated through the Company's ability to flex its capital expenditure plans and cost base, which would result in the Company not being able to meet its liabilities as they fall due. The nature of the business' other principal risks is such that, while they could affect the Company's ability to achieve its objectives, they are unlikely to prevent the Company from meeting its liabilities as they fall due.

Notes to the financial statements

Revenue
Revenue is measured at the fair value of the right to consideration, usually the invoiced value, for the provision of goods to external customers excluding value added tax and other sales related taxes and is recognised when the customer obtains control of goods. In most cases this is at the point in time of transfer of legal title of the goods. For sales to customers where a right to return an item is granted, revenue is recognised to the extent of the consideration to which the Group ultimately expects to be entitled (i.e. revenue is not recognised for goods expected to be returned).

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

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

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

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

Financial instruments
Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Measurement
When financial assets and liabilities are initially recognised, they are measured at fair value being the consideration given or received plus directly attributable transaction costs.

In determining estimated fair value, investments are valued at quoted bid prices on the trade date.
Loans and receivables comprise loans and advances other than purchased loans. Originated loans and receivables are initially recognised in accordance with the policy stated above and subsequently re-measured at amortised cost using the effective interest method. Allowance for impairment is estimated on a case by-case basis.

The Company uses derivative financial instruments such as forward foreign exchange contracts to hedge risks associated with foreign exchange fluctuations. These are designated as cash flow hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item. The business reviews, on a monthly basis, hedge requirements covering existing and required hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

Derecognition
A financial asset is derecognised when the Company loses control over the contractual rights that compromise this asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished. Originated loans and receivables are derecognised on the date they are transferred by the Company.

Notes to the financial statements

Impairment of financial assets - other financial assets
At each reporting date the Company assesses credit risk by considering reasonable and supportable information that may indicate increases in credit risk. Indicators that an asset carries a higher risk compared to at inception or that an asset is credit-impaired would include observable data in relation to the financial health of the debtor: significant financial difficulty of the issuer or the debtor; the debtor breaches contract; it is probable that the debtor will enter bankruptcy or financial reorganisation.

The amount of credit risk provision is the difference between the original carrying amount and the recoverable amount, being the present value of expected cash flows receivable (discounted using the original effective interest rate). The amount of the provision is recognised in the income statement within administrative expenses.

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.

Trade receivables
Trade receivables are recognised at transaction price (i.e. original invoice price) and subsequently at amortised cost less provision made for loss allowance of these receivables based upon the expected credit loss (simplified model). All trade receivables are held to collect contractual cash flows within a business model and meet 'Solely Payments of Principal and Interest' SPPI test.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, short-term deposits held on call or with maturities of less than three months at inception, and highly liquid investments that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. This also includes bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management.

Trade payables
Trade payables are carried at the amounts expected to be paid to counterparties.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Intangible assets
Research and development
Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.
Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date. Costs are collated and capitalised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Amortisation
Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment.

The amortisation rates for intangible assets are:

- Product development costs — Up to 5 years, consistent with revenue generation profile of the product
- Patents, licences and other — 3 to 10 years

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Buildings — 50 years

Notes to the financial statements

- Plant and equipment 3-10 years

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

Inventories
Stocks are stated at the lower of cost and net realisable value and include expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The Company operates a standard costing policy, with costs reviewed annually and variances accounted for in the income statement under cost of sales.

Management have identified stock obsolescence as an area of estimation uncertainty. Management review the ageing profile and expected usage of stock items when determining the provisions held against stock.

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

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

Retirement benefit costs
The Company pays fixed contributions into a separate entity for a defined contribution plan. The Company will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the income statement in the periods during which services are rendered by employees.

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

Defined benefit plans
The liability recognised in the balance sheet for defined benefit schemes is the present value of the schemes' liabilities less the fair value of the schemes' assets. The operating and financing costs of defined benefit schemes are recognised separately in the income statement. Operating costs comprise the current service cost, any gains or losses on settlement or curtailments, and past service costs. Net interest income and expense on net defined benefit assets and liabilities is determined by applying discount rates used to measure defined benefit obligations at the beginning of the year to net defined benefit assets and liabilities at the beginning of the year and is included in finance income and costs. Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

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

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

Notes to the financial statements

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

Contingent liabilities
Contingent liabilities represent possible obligations that arise as a result of a past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Disclosures are made where the amount of possible obligation cannot be reasonably estimated or it not probable to determine if an economic outflow will result.

2 Revenue

Revenue all arises from the principal activity of the Company.

	2022	2021
	£000	£000
Revenue by destination		
United Kingdom	**25,524**	20,332
Rest of Europe	**1,448**	1,760
North America	**1,060**	1,329
Asia	**668**	–
Rest of the World	**47**	771
	28,747	24,192

3 Loss for the year:

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

	2022	2021
	£000	£000
Depreciation of property, plant, and equipment	**306**	1,533
Depreciation of right-of-use assets	**1**	24
Amortisation / impairment of intangible assets	**531**	14
Cost of inventories recognised as an expense	**29,031**	30,624
Write down of stock recognised as an expense	**1,190**	691
Non-capitalised Research and development expenditure	**613**	44
Net foreign exchange (gains)/losses recognised within operating profit	**(95)**	203
Government grants	**–**	65
Auditors' remuneration; audit of these financial statements	**75**	71

Amounts receivable by the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, TT Electronics Plc.

Notes to the financial statements

4 Staff numbers and costs
The average number of full-time equivalent employees (including directors) during the year, by category, was:

	Number of employees	
Number by function	**2022**	2021
Production	**116**	102
Sales and distribution	**24**	20
Administration	**11**	7
	151	129

The aggregate payroll costs of these persons were:

	2022	2021
	£000	£000
Wages and salaries	**5,505**	5,132
Social security charges	**534**	513
Employers' pension costs	**240**	223
	6,279	5,868

The directors of the Company who are employees of other TT Electronic Group companies received no emoluments for their qualifying services to the Company in the period. They predominantly perform services for, and are remunerated by, other TT Electronics Group companies.

The remuneration of other directors was as follows:

	2022	2021
	£000	£000
Directors' emoluments	**609**	353
	609	353

The number of directors who:	Number of directors	
	2022	2021
Are members of a defined benefit pension scheme	–	1
Had awards receivable in the form of shares under a Group long-term incentive scheme	**1**	1

Total emoluments paid to the highest paid director during the year were £532,860 (2021: £352,754) and include pension contributions of £6,875 (2021: £27,500).

5 Interest payable and similar charges

	2022	2021
	£000	£000
Interest expense		
Interest on lease liabilities	–	(1)
Finance costs	–	(1)
Net finance costs	–	(1)

Notes to the financial statements

6 Taxation

Analysis of the tax charge/(credit) for the year

	2022	2021
	£000	£000
Current tax on income for the period	–	–
Adjustments in respect of prior periods	–	(1)
Total current tax credit	–	(1)
Relating to origination and reversal of temporary differences	**203**	(439)
Change in tax rate	**37**	(204)
Deferred tax charge	**(55)**	2,608
Total deferred tax charge	**185**	1,965
Tax charge on profit on activities	**185**	1,965

Reconciliation of the total tax charge for the year

	2022	2021
	£000	£000
Loss on activities before tax	**(8,632)**	(8,275)
Current tax at 19%	**(1,640)**	(1,572)
Effects of:		
Items not deductible for tax purposes or income not taxable	**1,017**	22
Impact on deferred tax arising from changes in tax rates	**37**	(204)
Adjustments in respect of prior periods	–	(1)
Adjustment to value of deferred tax assets	**(55)**	2,608
Group relief	**826**	1,112
Total tax charge reported in the income statement	**185**	1,965

The enacted UK tax rate applicable is 19% (2021: 19%). An increase in UK tax rate has been enacted to occur from 1 April 2023 to 25%.

The company has a deferred tax asset of £6.0m (2021: £2.6m) which has not been recognised as it has assessed that there are no reasonable estimates and it is not probable that taxable profits will be available against which the asset can be utilized. This deferred tax asset has arisen from prior period taxable losses.

Notes to the financial statements

7 Intangible Fixed assets

	Product development costs	Patents, licences and other	Goodwill	Total
	£000	£000	£000	£000
Cost				
At 1 January 2022	5,122	1,233	9,745	16,100
Additions	533	-	-	533
At 31 December 2022	5,655	1,233	9,745	16,633
Amortisation				
At 1 January 2022	2,348	862	-	3,210
Charge for the year	78	98	-	176
Impairment	355	-	-	355
At 31 December 2022	2,781	960	-	3,741
Net book value				
At 1 January 2022	2,774	371	9,745	12,890
At 31 December 2022	2,874	273	9,745	12,892

8 Investments

	£000
Cost	
At 1 January 2022	15,025
At 31 December 2022	**15,025**
Amortisation and impairment	
At 1 January 2022	1,061
At 31 December 2022	**1,061**
Net book value	
At 1 January 2022	13,964
At 31 December 2022	**13,964**

Notes to the financial statements

9 Right of use assets

	Land and buildings	Other	Right-of-use assets
	£000	£000	£000
Cost			
At 1 January 2022	566	139	705
At 31 December 2022	**566**	**139**	**705**
Depreciation			
At 1 January 2022	566	127	693
Charge for the year	-	1	1
At 31 December 2022	**566**	**128**	**694**
Net book value			
At 1 January 2022	-	12	12
At 31 December 2022	**-**	**11**	**11**

10 Tangible fixed assets

	Freehold Land and buildings	Plant and equipment	Total
	£000	£000	£000
Cost			
At 1 January 2022	1,826	6,837	8,663
Additions	-	96	96
At 31 December 2022	**1,826**	**6,933**	**8,759**
Depreciation and impairment			
At 1 January 2022	1,102	4,742	5,844
Charge for the year	36	270	306
Impairment	-	1,286	1,286
At 31 December 2022	**1,138**	**6,298**	**7,436**
Net book value			
At 1 January 2022	724	2,095	2,819
At 31 December 2022	**688**	**635**	**1,323**

Notes to the financial statements

11 Inventories

	2022	2021
	£000	£000
Raw materials	4,399	5,114
Work in progress	754	1,120
Finished goods	4,462	5,912
	9,615	12,146

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £18.0m (2021: £16.4m). The write-down of stocks to net realisable value amounted to £1.2m (2021: £0.7m). The write-down is included in cost of sales.

12 Debtors

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade debtors	5,724	6,912
Other debtors	274	370
Amounts owed by group undertakings	1,163	750
Prepayments and accrued income	416	379
Other financial assets	429	117
	8,006	8,528

Amount owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors: amounts falling due within one year:

	2022	2021
Current liabilities	£000	£000
Trade creditors	1,491	3,816
Amounts owed to group undertakings	53,138	50,392
Other creditors	267	244
Taxation and social security	500	142
Deferred Tax	185	-
Accruals and deferred income	950	1,173
	56,531	55,767

Amount owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements

14 Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Non-current liabilities		
Pension liabilities	-	30
	-	30

15 Provisions for liabilities

	Warranty	Total
	£000	£000
Provision brought forward	15	15
Provision carried forward	15	15

Warranties are provided for over the manufacturing quality of products in the normal course of business. Provisions are expected future costs and are made based upon the historical level of the claim rate relative to the level of sales. Costs of such claims are generally incurred within 18 months of the original sale.

16 Other financial assets

	2022	2021
	£000	£000
Amounts falling due within one year:		
Financial assets designated as fair value through profit or loss	429	117
	429	117

17 Other financial liabilities

	2022	2021
	£000	£000
Amounts falling due within one year:		
Financial liabilities designated as fair value through profit or loss	210	224
	210	224

Notes to the financial statements

18 Retirement benefit obligations

Pension arrangements for current employees are operated through a defined contribution scheme. During the year the company operated a defined benefit pension scheme.

The Southern & Redfern Limited Retirement Benefit Scheme, which operated for qualifying employees of the Company and certain of its subsidiaries was closed to new entrants in 1997 and future accruals in 2001.

In October 2022 the Trustees of the Scheme completed a buy-out of the scheme with a leading insurer, securing the pensions of members for the future. As a result, the assets (£0.7m) and liabilities (£0.7m) of the scheme have been derecognised. There was no impact on the income statement or OCI as a result of the buy-out.

Following the buyout, the scheme had no remaining members and the Trustees thus notified the Pensions Regulator in November 2022 that they were commencing wind up of the scheme which they anticipate completing during 2023. That month they also published Section 27 notices in the London Gazette and Yorkshire Post to that effect.

The amounts recognised in the balance sheet are as follows:

	2022 Southern & Redfern £000	2021 Southern & Redfern £000
Present value of funded obligations	-	(943)
Fair value of plan assets	-	913
Defined benefit liability	-	(30)

The amounts recognised in the profit and loss account are as follows:

	2022 Southern & Redfern £000	2021 Southern & Redfern £000
Post service cost	(3)	(7)
Total in profit and loss account	(3)	(7)

Changes in the present value of the defined benefit obligations are:

	2022 Southern & Redfern £000	2021 Southern & Redfern £000
Opening defined benefit obligation	**(943)**	**(945)**
Interest cost	(16)	(12)
Included in profit and loss account	**(16)**	**(12)**
Changes in underlying assumption – financial	210	11
Changes in underlying assumption - experience	(6)	(51)
Changes in underlying assumption - demographic	(8)	(25)
Included in other comprehensive income	**196**	**(65)**
Other movements – benefits paid	97	79
Settlement	666	-
Closing defined benefit obligation	-	**(943)**

Changes in the present value of plan assets are:

	2022 Southern & Redfern £000	2021 Southern & Redfern £000
Opening fair value of plan assets	**913**	954
Expected return	**16**	12
Included in profit and loss account	**16**	12
Actuarial return less expected return on assets	**(205)**	27
Included in other comprehensive income	**(205)**	27
Annuity purchase (loss)	**(30)**	-

Notes to the financial statements

Contribution by employer	**46**	6
Benefits paid	**(84)**	(86)
Settlement	**(656)**	-
Other movements	-	(80)
Closing value of plan assets	-	913

Pension plan assets are made up as follows:	**2022**	2021
	£000	£000
Insured pensions in payment	-	895
UK equities	-	4
Overseas equities	-	5
Property	-	2
LDI	-	7
	-	913

During the year pension plan assets did not include any of the group's own shares or any property occupied by, or other assets used by, the group. Prices for equity securities and government bonds are quoted in active markets. Government and corporate bonds are issued from European governments and institutions (denominated in the same currency as the post-employment benefit obligations).

19 Capital and reserves

Share capital

	Ordinary shares (Thousands)	
In thousands of shares	**2022**	2021
On issue at 1 January	**38,178**	38,178
On issue at 31 December – fully paid	**38,178**	38,178

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitles to one vote per share at meetings of the company. All shares are classified as shareholders' funds.

	2022	2021
	£000	£000
Authorised, allotted, called up and fully paid		
Ordinary shares of £0.05 each	**1,909**	1,909
	1,909	1,909

	2022	2021
	£000	£000
Share Premium Account		
Being the Share premium account	**4,378**	4,378
Merger Reserve		
Being the merger reserve	**1,559**	1,559
Capital Contribution Reserve		
Being the merger of the 1974 Pension Scheme	**1,017**	1,017
Capital Redemption Account		
Being the capital redemption account	**88**	88

Notes to the financial statements

20 Related parties

As the Company is a wholly owned subsidiary of TT Electronics plc, the Company has taken advantage of the exemption contained within FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The following companies were the subsidiary undertakings of the Company at 31 December 2022.

All shareholdings are of Ordinary shares

Name of Subsidiary Undertaking	Country of Incorporation	Proportion of Shares held	Registered office/ principal place of business
Dongguan Arlec Electrical Products Company Limited (a)	China	100.00%	(1)
Shanghai Hongbian Electronics Co. Limited (a)	China	100.00%	(2)
Ying Si Ke Electrical Products Company Limited (a)	China	100.00%	(1)
Stadium Asia Limited	BVI	100.00%	(3)
Stadium IGT Limited	United Kingdom	100.00%	(4)
Stadium Power Limited	United Kingdom	100.00%	(4)
Stadium United Wireless Limited	United Kingdom	100.00%	(4)
Stontronics Limited	United Kingdom	100.00%	(4)
TT Electronics Sweden AB	Sweden	100.00%	(5)
STMC Limited	Hong Kong	100.00%	(3)
Ferrus Power Limited	United Kingdom	100.00%	(4)
Fox Industries Limited	United Kingdom	100.00%	(4)
Hale End Holdings Limited	United Kingdom	100.00%	(4)
Kingslo Limited	United Kingdom	100.00%	(4)
KRP Power Source (UK) limited	United Kingdom	100.00%	(4)
Stadium Electrical Holdings Limited	United Kingdom	100.00%	(4)
Stadium Electronics Limited	United Kingdom	100.00%	(4)
Stadium Wireless Devices Limited	United Kingdom	100.00%	(4)
Stadium Zirkon UK Limited	United Kingdom	100.00%	(4)
Valuegolden Limited	United Kingdom	100.00%	(4)
Zirkon Holdings Limited	United Kingdom	100.00%	(4)

(1) 4th Building, F Zone, Zheng Wei Science Park, Dongkeng Town, Dongguan, China
(2) Room 404 A69, East Of Building 1, 29 Jia Tai Road, China (Shanghai) Pilot Free Trade Zone
(3) Room A, 3/F Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong
(4) 4th Floor, St Andrews House, West Street, Woking, Surrey GU21 6EB
(5) Gullfossgatan 3, 16440 Kista, Sweden
(a) Owned by a subsidiary undertaking other than TT Electronics IOT Solutions Limited

Notes to the financial statements

21 Ultimate parent company and controlling party

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

TT Electronics plc has its registered office at:
Fourth floor, St Andrews House
West Street
Woking
Surrey
GU21 6 EB

Copies of the annual report and financial statements for TT Electronics plc are available at www.ttelectronics.com/investor-overview or from the company secretary at the address above.

22 Critical judgements and estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

23 Post balance sheet events

There are no post balance sheet events to report.