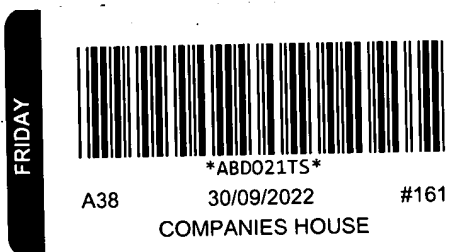


TT Electronics Fairford Limited

Annual report and financial statements
Registered number 01352416
For the year ended 31 December 2021



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Strategic Report

Business review and future developments

TT Electronics Fairford Limited's (the "Company") core business is the design, manufacture, and supply of electronic and electrical interconnection equipment principally in the aerospace and defence sector. In 2021 the Company continued to build on existing customer relationships and developed new ones in order to grow and drive the business forward. We also put in place a new sales team to ensure we drive new opportunities.

The directors do not currently note a significant impact on the Company's trading following the UK's exit from the EU given the trade agreement reached between the UK and the EU in January 2022.

In 2022 we intend to continue building on these relationships and leverage the sales of our division, Global Manufacturing Solutions, to actively pursue wider opportunities from both outside and within the division's existing customer base. In addition, we will also seek to pursue opportunities from within the TT Electronics group where we intend to lend our expertise in cable manufacture.

The Company is keen to drive its carbon footprint down by ensuring its growth is built on a sustainable basis. Investment in its facility is centred on sustainability.

The key financial and other performance indicators during the year were as follows:

	2021 £000	2020 £000	Change £000
Turnover	7,654	8,558	(904)
Profit before tax	468	482	(14)
Profit after tax	465	491	(26)
Net Assets	2,395	3,930	(1,535)
Capital expenditure on tangible fixed assets	(51)	(70)	19

In 2021 we saw a £904,000 decrease in turnover to £7,654,000 (2020: £8,558,000). This decrease was in part driven by key customers destocking after receiving increased schedules in 2020 to prepare for Brexit and Covid. We also saw a key customer delay sales pending design changes on their product.

The reduced sales drove a reduction in profit before tax to £468,000 (2021: £482,000) profit after tax to £465,000 (2021: £491,000). The reduction in profit before and after tax driven by sales was in part mitigated by reduced costs within the business.

Capital expenditure was reduced in the year as projects were delayed given the pandemic.

The reduction in the net assets reflects the increase in the amount owed to Group undertakings reflecting the dividend as payable to Group.

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

Strategic report (continued)

Principal risks and uncertainties

Financial risk management objectives and policies

The Company uses financial instruments, other than derivatives, comprising borrowings, 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 both 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 and profitably. Primarily this is achieved through intercompany accounts and bank overdraft facilities.

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.

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 2021, which is available on the Group's website: <http://www.ttelectronics.com/investor-overview>.

Strategic report (continued)

S172 Statement

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

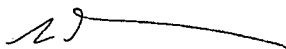
The board of directors of TT Electronics Fairford Limited considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2021.

The board of directors 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 key stakeholders identified are: customers, suppliers, employees, local community and the TT Electronics Group. During 2021, directors' engagement with the Company's stakeholders included:

- The directors and senior leadership team held monthly "Townhalls" sessions with employees, covering all aspects of the business including EHS, Quality, Orders, Revenue, Supply Chain, Staff Welfare, Finance and HR. These sessions were interactive with time for Q&A.
- The directors and senior leadership team led the annual Engagement survey which recorded employees' views on key issues. The senior team reviewed the survey results and provided feedback with actions plans for improvement. Ongoing improvement actions are feedback through the monthly "Townhalls" and via the Employee Forum.
- In response to the COVID-19 pandemic, directors and the senior leadership team have communicated with employees, customers, suppliers, and the local authorities throughout the year. New Government policies and guidelines had to be implemented for compliance and the safety of all stakeholders. The Company's local community was also considered by the directors and senior leadership team as outbreaks, vaccinations and isolation within the local community had an impact on the business.
- The directors and senior leadership have worked closely with the Divisional team of TT Global Manufacturing Solutions and particularly the Marketing team of TT PLC to understand and listen to the Voice of the Customer (VOC) through VOC surveys.

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

Approved by the board of directors on 30th September 2022 and signed on its behalf by:



L D Boardman
Secretary

London Road
Fairford
Gloucestershire
GL7 4DS

Directors' Report

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

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

- Review of the performance and future developments of the Company
- Principal risks and uncertainties.

Directors

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

K R Call	-Resigned 24 th May 2022
R J Relph	-Appointed 24 th May 2022
R W Moseley	
P W Duffill	-Resigned 16 th April 2021

Directors' Remuneration

Directors' remuneration has been disclosed in note 5 to the Financial Statements.

Qualifying third party indemnity provisions

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

Political Donations

The company made no political donations and incurred no political expenditure during the year ended 31 December 2021.

Share Capital

Full details of the Company's issued share capital, including changes during the year, can be found in note 12 to the Financial Statements.

Dividends

The company paid a dividend of £2,000,000 in the year ended 31 December 2021 (2020: £nil).
The dividend per share is £200 for the 10,000 ordinary shares.

Disclosure of information to auditor

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 steps which might be expected, to be aware of such relevant information and to establish that the auditor is also aware of that information. This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the Absence of an Annual General Meeting..

Directors' Report *(continued)*

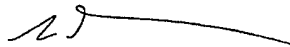
Going concern

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

The Company's principal activities are the manufacture and supply of electronic and electrical interconnection equipment principally in the defence sector. A strategic plan has been prepared for the Company covering a five-year period. This plan shows growing revenue and operating profit over that period. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. Therefore, the directors have reviewed the going concern status of the Company by considering the Company's latest forecasts. In reviewing forecasts, The Company is expected to continue to generate free cash flow and adequate resources to continue in operation for the at least 12 months from the date of signing..

As a result, the directors have a reasonable expectation that it is appropriate to adopt the going concern basis in preparing the financial statements.

Approved by the board of directors on 30th September 2022 and signed on its behalf by:



L D Boardman
Secretary

London Road
Fairford
Gloucestershire
GL7 4DS

Directors' statement of responsibility

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 Standard 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

The directors 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of TT Electronics Fairford Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TT Electronics Fairford Ltd (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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.

Independent auditor's report to the members of TT Electronics Fairford Ltd (*continued*)

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 about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act 2006 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.

Independent auditor's report to the members of TT Electronics Fairford Ltd (*continued*)

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.



Mark Boxall (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
30th September 2022

Profit and Loss Account
for the year ended 31 December 2021

		2021	2020
	Note	£000	£000
Turnover	2	7,654	8,558
Cost of sales		(5,820)	(6,465)
Gross profit		1,834	2,093
Distribution costs		(113)	(310)
Administrative expenses		(1,253)	(1,301)
Operating profit and profit before taxation		468	482
Tax on profit	6	(3)	9
Profit for the financial year		465	491

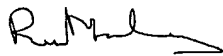
The Company has no other comprehensive income in either year and accordingly a statement of comprehensive income has not been prepared.

All results relate entirely to continuing operations.

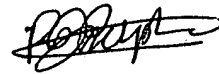
Balance Sheet
As at 31 December 2021

	<i>Note</i>	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	7		822		900
Current assets					
Stocks	8	1,433		1,583	
Debtors	9	1,344		1,889	
Cash at bank and in hand		1,923		1,484	
		<u>4,700</u>		<u>4,956</u>	
Creditors: amounts falling due within one year	10	<u>(3,379)</u>		<u>(1,353)</u>	
Net current assets			1,321		3,603
Total assets less current liabilities			<u>2,143</u>		<u>4,503</u>
Debtors: amounts falling due after one year	11	750		-	
Creditors: amounts falling due after one year	12	(498)		(573)	
Net assets			<u>2,395</u>		<u>3,930</u>
Capital and reserves					
Called up share capital	13	10		10	
Profit and loss account		2,385		3,920	
Shareholders' funds			<u>2,395</u>		<u>3,930</u>

These financial statements were approved by the board of directors on the 30th September 2022 and were signed on its behalf by:



R W Moseley
Director



R J Relph
Director

Company registered number: 1352416

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	10	3,429	3,439
Total comprehensive income for the year			
Profit for the financial year	-	491	491
Total comprehensive income for the year	-	491	491
Balance at 31 December 2020	10	3,920	3,930

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	1 10	3,920	3,930
Total comprehensive income for the year			
Dividends	-	(2,000)	(2,000)
Profit for the financial year	-	465	465
Total comprehensive income for the year	-	(1,535)	(1,535)
Balance at 31 December 2021	10	2,385	2,395

Notes

(forming part of the financial statements)

1 Accounting policies

TT Electronics Fairford Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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. The weighted average incremental borrowing rate applied was 4%. 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.

The Company has applied the following practical expedients on transition; not to reassess whether contracts contained a lease; use of hindsight in determining the lease term; exclusion of initial direct costs from the measurement of the right-of-use asset. The Company adopted IFRIC 23 Uncertainty over Income Tax Treatments from 1 January 2019. There was no material impact.

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

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

- Cash Flow Statement and related notes.
- The effects of new but not yet effective IFRSs.
- Disclosures in respect of the compensation of Key Management Personnel.
- Disclosures in respect of capital management.

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:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements are disclosed in note 17.

Notes *(continued)*

1 Accounting policies *(continued)*

Measurement Convention

The financial statements have been prepared on the historical cost basis, except that financial instruments classified as fair value through the profit or loss are stated at their fair value.

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 this report.

The Company's principal activities are the manufacture and supply of electronic and electrical interconnection equipment principally in the defence sector. A strategic plan has been prepared for the Company covering a five-year period. This plan shows growing revenue and operating profit over that period. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. Therefore, the directors have reviewed the going concern status of the Company by considering the Company's latest forecasts. In reviewing forecasts, The Company is expected to continue to generate free cash flow and adequate resources to continue in operation for at least 12 months from the date of signing.

As a result, the directors have a reasonable expectation that it is appropriate to adopt the going concern basis in preparing the financial statements.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transactions. Exchange differences which arise from normal trading are dealt with through the profit and loss account.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

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

Trade and other creditors

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

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The carrying value of fixed assets are reviewed for impairment where there is an indication that the asset may be impaired.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is calculated on a straight-line basis so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. The estimated useful lives are as follows:

Leasehold properties	life of lease
Plant, equipment and vehicles	between 3 - 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Inventory provisioning is based on expected future usage, stock not expected to be used is provided for.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Research and development

Research and development costs are written off in the profit and loss account in the period in which they occur, unless the criteria for capitalisation are met.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover is the invoiced value of goods and services supplied excluding VAT. Transactions are recorded as sales when the despatch of products or performance of services takes place in accordance with the contract terms of sale and IFRS 15.

Pension costs

Defined benefit plans

The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is TT Electronics Plc. No contributions were made by the Company in the year.

Defined Contribution Pension Scheme

The Company operates a defined contribution pension scheme for the benefit of directors and employees. The pension cost charge for the period represents contributions payable by the Company to the scheme.

Taxation

Tax on the profit 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 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.

2 Turnover

All turnover is from the principal activity of the Company.

	2021 £000	2020 £000
By geographical market		
United Kingdom	6,898	7,304
Rest of Europe	665	1,188
North America	23	34
Rest of the World	68	32
	<u>7,654</u>	<u>8,558</u>

Notes (continued)

3 Auditor's remuneration

	2021 £000	2020 £000
Audit of these financial statements	14	14
Non-audit service fees	-	-
	<u>14</u>	<u>14</u>

4 Staff numbers and costs

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

	Number of employees	
	2021	2020
Production	78	72
Sales and distribution	-	7
-Administration	7	9
	<u>85</u>	<u>88</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	2,194	2,466
Social security costs	189	193
Contributions to defined contribution plans	104	108
	<u>2,487</u>	<u>2,767</u>

5 Directors' remuneration

The directors received remuneration totalling £109,000, (2020: £115,000) in respect of their services to the Company. The remuneration was paid by other companies within the Group of the ultimate parent undertaking, TT Electronics plc.

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

The remuneration of other directors of the company was as follows:

	2021 £000	2020 £000
Emoluments	103	109
Pension	6	6

	2021 Number	2020 Number
The number of directors who: Are members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

Notes (continued)

6 Taxation

Recognised in the profit and loss account

	2021 £000	2020 £000
<i>Current tax</i>		
Adjustments in respect of prior periods	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(3)	(2)
Change in tax rate	-	7
Adjustments in respect of prior periods	-	4
Total deferred tax	(3)	9
Total tax	(3)	9

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	465	491
Total taxation	3	(9)
Profit excluding taxation	468	482
Tax using the UK corporation tax rate of 19.00% (2020: 19.00%)	89	91
Change in tax rate on deferred tax balances	-	(7)
Adjustments in value of Deferred tax assets	-	(3)
Group relief (received for nil payment)	(86)	(90)
Total tax	3	(9)

The Company has the following recognised deferred tax asset (see note 10):

	2021 £000	2020 £000
Accelerated capital allowances	68	66

The enacted UK tax rate applicable from 1 April 2017 is 19%. The applicable tax rate for the period is based on the UK standard rate of corporation tax of 19% (2020: 19%).

On 3 March 2021 the UK Government announced changes to the UK corporate tax system and an increase in tax rate from the fiscal year 2023 to 25% from the currently enacted rate of 19%. The change in tax rate will result in a change to the level of deferred tax held in respect of the Company's UK operations and may impact the Company's effective tax rate in future years. The Company, to date, has not identified any other significant tax charges or credits arising from the proposed legislation.

On 23 September 2022, it was announced that the planned increase in corporation tax to 25% would be scrapped. Noting that this is not yet legislated we have not amended the tax rate used in the measurement of the deferred tax balances at the year end.

Notes (continued)

7 Tangible fixed assets

	ROU £000	Land and buildings £000	Plant and equipment £000	Total £000
Cost				
Balance at 1 January 2021	848	212	1,142	2,202
Additions	7	19	88	114
Disposals	-	-	-	-
	<u>855</u>	<u>231</u>	<u>1,230</u>	<u>2,316</u>
Balance at 31 December 2021	<u>855</u>	<u>231</u>	<u>1,230</u>	<u>2,316</u>
Depreciation				
Balance at 1 January 2021	186	124	992	1,302
Depreciation charge for the year	88	13	63	164
Depreciated on Inter Co addition	-	-	28	28
	<u>274</u>	<u>137</u>	<u>1,083</u>	<u>1,494</u>
Balance at 31 December 2021	<u>274</u>	<u>137</u>	<u>1,083</u>	<u>1,494</u>
Net book value				
At 31 December 2020	662	88	150	900
	<u>662</u>	<u>88</u>	<u>150</u>	<u>900</u>
At 31 December 2021	<u>581</u>	<u>94</u>	<u>147</u>	<u>822</u>

Land and Buildings

The net book value of land and buildings comprises:

	2021 £000	2020 £000
Short leasehold	<u>94</u>	<u>88</u>

Notes (continued)

8 Stocks

	2021 £000	2020 £000
Raw materials and consumables	757	950
Work in progress	676	633
	<u>1,433</u>	<u>1,583</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £5,818,000 (2019: £6,465,000). Stock provisions increased by £3,000 (2020 increase : £61,000).

9 Debtors

	2021 £000	2020 £000
Trade debtors	1,218	1,029
Amounts owed by group undertakings		750
Prepayments and accrued income	60	42
Deferred tax asset (see note 17)	66	68
	<u>1,344</u>	<u>1,889</u>

10 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	885	695
Amounts owed to group undertakings	2,105	126
Taxation and social security	185	176
Accruals	116	216
Lease Obligations – current	88	81
Other creditors		59
	<u>3,379</u>	<u>1,353</u>

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Debtors: amounts falling due after one year

	2021 £000	2020 £000
Amounts owed by group undertakings	750	-
	<u>750</u>	<u>-</u>

12 Creditors: amounts falling due after one year

	2021 £000	2020 £000
Lease Obligations – non-current	498	573
	<u>498</u>	<u>573</u>

Notes (continued)

13 Share capital

	2021 £000	2020 £000
<i>Allotted, called up and fully paid</i>		
10,000 Ordinary shares at £ 1 each	10	10
	<u>10</u>	<u>10</u>

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

Dividends

The company paid a dividend of £2,000,000 in the year ended 31 December 2021 (2020: £nil).

The dividend per share is £200 for the 10,000 ordinary shares.

14 Contingencies

The company is a cross guarantor together with certain other companies within the TT Electronics PLC Group on the Group's main debt facilities. At 31 December 2021, the total facilities to which the company is a cross-guarantor amounted to £148.4million (2020: £136.8M)

15 Related parties

The Company has taken advantage of the exemption available under FRS 101.8(k) and has not disclosed transactions with TT Electronics plc or its wholly owned subsidiaries.

16 Ultimate parent company and parent company of larger group

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

Both TT Electronics plc and TT Electronics Group Holdings Limited have their registered office at:

Fourth floor, St Andrews House
West Street
Woking
Surrey GU21 6EB

Copies of the financial statements for these entities are available from the company secretary at the address above.

17 Critical accounting estimates and judgements

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts 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. There are no critical accounting estimates and judgement for the Company.

Notes (continued)

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Tangible fixed assets	66	68	-	-	66	68
Net tax asset	66	68	-	-	66	68

Deferred tax movement during the year:

	1 January 2021 £000	Recognised in income £000	31 December 2021 £000
Tangible fixed assets	68	2	66
	68	2	66

19 Post Balance Sheet Events

There are no post balance sheet events.