

Registered No 2271414

# **Toray Advanced Composites UK Ltd**

## **Report and Financial Statements**

31 March 2023

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# Toray Advanced Composites UK Ltd

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Registered No: 2271414

## **Directors**

E Delnoij  
D J Bernard

## **Secretary**

S Palmer

## **Auditors**

Mabe Allen LLP  
50 Osmaston Road  
Derby  
DE1 2HU

## **Bankers**

HSBC Plc  
62/76 Park Street  
London  
SE1 9DZ

## **Registered Office**

Amber Drive  
Langley Mill  
Nottinghamshire  
NG16 4BE

## Strategic report

Registered No: 2271414

The directors present their strategic report and financial statements for the year ended 31 March 2023.

### Business review and principal activities

The Company is a wholly owned subsidiary of Toray Advanced Composites Holding B.V. and is ultimately 100% owned by Toray Industries Inc. of Japan and operates as part of its worldwide Advanced Composites Division.

The principal activity of the Company during the year to 31 March 2023 was the development and production of advanced thermoset prepreps in fibre and unidirectional tape. There have not been any significant changes in the Company's principal activities during the year under review.

The year under review saw a continuation of the sales levels returning to pre-pandemic levels, sales were 16% higher than the prior year. We, like most businesses, have faced challenges with supply chain issues, raw material & energy price increases.

The directors are not aware, at the date of this report, of any likely changes in the Company's principal activities in the next year.

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

	2023	2022	Change
	£000	£000	%
Turnover	15,246	13,122	+16%
Operating profit / (loss)	328	(387)	+185%
Profit/(loss) for the financial year	178	(667)	+127%
Loans	6,200	6,100	-1.6%

### Section 172 (1) Statement

There were no principal decisions, during the period. The Directors are aware of their responsibilities to act in good faith to promote the long-term success of the business and consider different stakeholder groups on decision making.

The Directors of the UK entity work within the corporate Philosophy of our ultimate controlling parent, Toray Industries, Inc., Japan, (referred to in these accounts as the group). This philosophy calls for contributing to society through the creation of new value with innovative ideas, technologies, and products. This philosophy is reflected in our continuing commitment to research and development activities leading to the creation of new products and technologies that enhance the quality of life for people throughout the world. At the same time, the Company has worked actively to improve the environment (ISO 14001 accreditation) and fulfil our corporate and social responsibilities (CSR), including compliance with business ethics, laws and regulations. As part of our CSR commitment, we have made safety, accident prevention and environmental preservation top management priorities and have ISO45001 accreditation.

Encouraging communication and cooperation with stakeholders including employees, customers, suppliers and other business partners as well as government and administrative agencies.

Employees - As well as improved communication with our employee's, we continue to invest in a program of NVQ's to encourage our teams to develop their skills which will benefit both themselves, as individuals, and the Company. We engage our employees in the safety team, on a rota basis to ensure that we gain commitment to continuing to improve our safety culture.

Customers – Customers expect a quality product that is fit for purpose. Understanding the needs of the customers is central to ensuring the long-term success of the Company. Regular interaction with our sales and technical team ensures that we can work together to develop and or provide a product suitable to their requirements.

## Strategic report (continued)

Registered No: 2271414

Suppliers – The business primarily engages with its suppliers through its supply chain and procurement teams. The business has a code of conduct for suppliers. In addition, the business complies with the Modern Slavery Act in respect of its supplier base. The management review supplier payment behaviours.

### Operations and future prospects

The Company continued to focus on servicing our customers, building on our strong safety culture, manufacturing strengths, preventative maintenance and dealing with cost pressures. In addition, we remain focused on the upside potential of developing markets looking for key benefits on using structural composite materials.

Strategy is constantly reviewed by the board in light of the group's performance and changing market conditions to ensure it remains appropriate to achieve the groups objectives.

The Company has received in full the managerial, technical and financial support of its parent company to implement this strategy in the medium term.

### Principal risks and uncertainty

During the year under review the risks from Covid were reduced, in the UK, due to the roll out of the vaccination program. As a result, we saw a return to increased customer visits and less remote working. The company continued to work closely with its suppliers and customers to mitigate any remaining effects from the supply chain which had been experiencing erratic or long lead times.

The conflict in Ukraine continues to be a source for global concern. We continue to monitor the situation, and any potential future impact on supply chain and energy costs. We continue to work with our Toray colleagues on opportunities to limit the impact of this on the business, in addition to energy reduction projects.

Credit risk is managed by agreeing principal payment terms and credit limits in advance. Appropriate credit risk procedures are taken at all times and debts are insured. Where credit risk is considered too high, or credit insurance is not available then cash in advance payments are considered.

The Company has transactions (sales and purchases) in major foreign currencies and is therefore exposed to movements in foreign exchanges, although it tries to mitigate these risks by offsetting purchases in major currencies, or when appropriate, takes out currency contracts to manage the risk.

Having considered the above risks and uncertainties, the directors have a reasonable expectation that the company has adequate resources, given Toray group support, to continue operational existence for the foreseeable future. Thus, they continue to adopt a going concern basis of accounting in preparing the financial statements.

### Trading results

During period under review the Company experienced a 16% increase in sales in comparison to the prior 12 months to March 2022 (from £15.2M to £13.1M, resulting in an operating profit of £0.3 million (2022: £0.4 million loss)).

The profit for the year, before tax, was £0.1 million (2022: loss before tax £0.7 million). The total recognised profit was £0.18 million (2022: £0.7 million loss).

In addition to financial measures, the directors also monitor the business's operations with the objective of ensuring that health and safety is at the core of all working practises. In measuring the success of this, the directors review the level of reported incidents and monitors the training being undertaken by all relevant employees.

The balance sheet shows that the Company's financial position has net deficit of £0.08 million and whilst this is still a deficit, is an improvement on 2022 (2022: 0.26 million deficit). The company continues to have the support of the ultimate parent company, Toray Industries, Inc. Japan.

## Strategic report (continued)

Registered No: 2271414

### Prospects

The Directors are confident that the business's strategy will continue to deliver the results that meet our shareholders expectations in the years to come.

By order of the board



D J Bernard

Director

26 October 2023

## Directors' report

Registered No: 2271414

The directors present their report and financial statements for the year ended 31 March 2023.

### Research and development

The Company continues to invest in research & development. The Company's developments are co-ordinated with those of the Toray Advanced Composites group throughout the world. The directors recognised that R&D investment is essential for success in the medium to long-term future. In 2023 £201,757 was expensed in relation to research and development (2022: £241,467).

### Going Concern

The company's business activities, together with factors likely to affect its future development, performance, its financial position, financial risk management objectives, details of financial instruments and its exposure to credit and cash flow risk are set out in the Business Review on pages 2 and 3.

The Company has a range of customers across different geographical and market sectors and continues to work closely with its customers to develop its product range. As a consequence the directors believe that the Company's forecasts and projections, taking into account possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities despite the uncertain economic outlook.

As shown on page 13 the Company incurred a net profit of £177,824 during the year ended 31 March 2023, which has resulted in a slight improvement in the net liability position. The company's liabilities exceeds its total assets by £83,085, as seen on Page 14/15 (2022: £260,909). These conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. In this respect, the company has, therefore, sought and obtained a letter of support from its ultimate parent company to meet its liabilities as they fall due for a period through to 31 December 2024. The Directors understand that stress testing of results has been performed and, even though the likelihood that there would be insufficient funds in place is remote, the letter of support is not legally binding.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and to provide any support required. Toray Industries Inc Revenue up to 31 March 2023 was 2,489.3 Billion Yen with an operating income of 109 billion yen and cash equivalents of 224 billion Yen as at 31 March 2023. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors continue to monitor the impacts of Covid, Energy costs, the conflict in Ukraine and supply chain issues to ensure that the company is prepared for any eventuality in order to remain competitive.

### Environment, health and safety

The Company operates under the principle of "Safety Over Output" and strives to achieve the group policy of Zero Accidents. The Company Health & Safety management system is externally audited and accredited to ISO45001.

The Company operates under the principle of "Protect the Environment" and set out to minimize our environmental impact from design to despatch. The Company Environmental Management system is externally audited and accredited to ISO 14001.

### Employees

Details of the number of employees and the related costs can be found in note 6 to the financial statements.

The Company participates in the Toray Group's policies and practices to keep employees informed on matters relevant to them as employees locally and more widely through full participation in the Toray European Company Forum and other Group Seminars. The Company gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

## Directors' report (continued)

Registered No: 2271414

### Dividend

The directors do not recommend the payment of a dividend (2022: £nil).

### Directors

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

D J Bernard  
E Delnoij  
F Meurs      resigned 1 April 2022

There are no directors' interests requiring disclosure under the Companies Act 2006.

### Directors' liability

The parent company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.


### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Mabe Allen LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



D J Bernard  
Director  
26 October 2023

## **Statement of directors' responsibilities in respect of financial statements**

The directors are responsible for preparing the Strategic Report, Directors' 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). 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.



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# Independent auditors' report

to the members of Toray Advanced Composites UK Ltd

## Opinion

We have audited the financial statements of Toray Advanced Composites UK Ltd (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profits for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

We draw attention to Note 2.2 – Going concern in the financial statements, which indicates that the company incurred a net profit of £177,824 during the year end 31 March 2023 (2022: £666,684 loss) and, as of that date, the company's liabilities exceeded its total assets by £83,085 (2022: £260,909). As stated in Note 2.2 – Going Concern, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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

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## Independent auditors' report

to the members of Toray Advanced Composites UK Ltd (continued)

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.

### 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- The directors were not entitled to prepare the financial statement in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 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.

### Auditors' 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 a Report of the Auditors 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.

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## Independent auditors' report

to the members of Toray Advanced Composites UK Ltd (continued)

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### **Extent to which the audit was considered capable of detecting fraud**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including targets for income and net profit;
- Results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance, including any related to its operations, including health and safety, environmental considerations, the General Data Protection Regulations or Bribery Act 2010.
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls to mitigate risks of fraud or non-compliance with laws and regulations;
  - The matters discussed among the audit engagement team and including relevant internal tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the company for fraud and identified the greatest potential for fraud in the ability of management to manipulate revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and the Financial Reporting Standard 101.

In addition, we considered provisions of other laws and regulations that 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. These include The General Data Protection Regulations, the Bribery Act 2010 and Health and Safety policies.

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## **Independent auditors' report**

**to the members of Toray Advanced Composites UK Ltd (continued)**

### **Audit Response to Risks Identified**

Our procedures to respond to risks identified above include the following:-

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates;
- Enquiring of management and directors concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the fraud risk in revenue recognition, we have tested a sample of revenue recorded in the year through agreement to the relevant sales terms and conditions and bank statements. Additionally, at an analytical review level, we developed an expectation of the revenue with reference to our experience of the client and discussions on the recognition and volatility of revenue in the year, and;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rational of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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

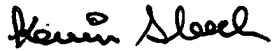
### **Use of our report**

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 a Report of the Auditors 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.

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## Independent auditors' report

to the members of Toray Advanced Composites UK Ltd (continued)



Kevin Slack FCA (Senior Statutory Auditor)  
for and on behalf of Mabe Allen LLP  
Chartered Accountants  
Statutory Auditors  
50 Osmaston Road  
Derby  
DE1 2HU

Date: 26/10/2023

## Income Statement

for the year ending 31 March 2023

		2023	2022
	Note	£	£
	s		
<b>Turnover</b>	3	15,246,311	13,122,201
Other Operating Income		27,485	66,133
Raw materials and consumables		(8,683,819)	(7,783,770)
Staff Costs	6	(3,286,714)	(2,883,199)
Depreciation		(1,000,378)	(991,535)
Amortisation		(24,337)	(39,872)
Other Operating expenses		(1,950,818)	(1,877,157)
<b>Operating profit / (loss)</b>	4	327,730	(387,198)
Profit/(Loss) on disposal of asset		-	(25,920)
Interest payable & Similar expenses	8	(227,804)	(253,566)
<b>Profit/ (Loss) on ordinary activities before taxation</b>		99,926	(666,684)
Tax on profit/(Loss) on ordinary activities	9	77,898	0
<b>Profit/(Loss) for the financial year</b>	21	177,824	(666,684)

The results of the Company during both 2023 and 2022 arose from continuing operations.

## Statement of comprehensive income

for the year ending 31 March 2023

	Notes	2023 £	2022 £
<b>Profit/ (Loss) for the financial year</b>	19	177,824	(666,684)
<b>Total comprehensive loss for the year</b>		<u>177,824</u>	<u>(666,684)</u>

## Statement of changes in equity

for the year ending 31 March 2023

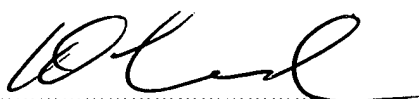
	Share Capital	Cash flow Hedge Reserve	Retained Earnings	Total Equity
	£	£	£	£
<b>At 1 April 2021</b>	100	-	405,675	405,775
Loss for the financial year	-	-	(666,684)	(666,684)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	(666,684)	(666,684)
<b>At 31 March 2022</b>	<u>100</u>	<u>-</u>	<u>(261,009)</u>	<u>(260,909)</u>
Profit for the financial year	-	-	177,824	177,824
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit for the year</b>	-	-	177,824	177,824
<b>At 31 March 2023</b>	<u>100</u>	<u>-</u>	<u>(83,185)</u>	<u>(83,085)</u>

## Statement of financial position

as at 31 March 2023

		2023	2022
	Notes	£	£
<b>Fixed Assets</b>			
Intangible assets	10	21,674	46,011
Tangible owned assets	10	3,145,992	3,298,482
Right of use assets	10	869,622	1,172,880
		<u>4,037,288</u>	<u>4,517,373</u>
<b>Current Assets</b>			
Stocks	11	2,712,619	2,310,923
Debtors	12	2,550,244	2,532,759
Deferred tax asset		-	-
Cash at bank		611,658	896,067
		<u>5,874,521</u>	<u>5,739,749</u>
<b>Creditors: amounts falling due within one year</b>	13	(3,261,977)	(9,693,910)
<b>Net current (liabilities) / assets</b>		<u>2,612,544</u>	<u>(3,954,161)</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(6,732,917)	(824,122)
<b>Net (liabilities)/assets</b>		<u>(83,085)</u>	<u>(260,909)</u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss account	21	(83,185)	(261,009)
<b>Shareholders' funds</b>	21	<u>(83,085)</u>	<u>(260,909)</u>

The financial statements were approved for issue by the board of directors on



D J Bernard  
Director  
26 October 2023



## Notes to the financial statements

as at 31 March 2023

### 1. Authorisation of financial statements and statement of compliance with FRS 101

Toray Advanced Composites UK Ltd (the "company") is a private company limited by shares and incorporated and domiciled in England and Wales. The registered number is 2271414 and the registered address is Amber Drive, Langley Mill, Nottinghamshire, NG16 4BE.

The financial statements of Toray Advanced Composites UK Ltd ("the Company") for the year ended 31 March 2023 were authorised for issue by the board of directors on 26 October 2023 and the balance sheet was signed on the board's behalf by D J Bernard.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling to the nearest £.

The principal accounting policies adopted by the Company are set out in note 2.

### 2.1 Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). FRS101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statement of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The Company is a qualifying entity for the purposes of FRS101. Note 1. gives details of the company's ultimate parent undertaking and from where its consolidated financial statements have been prepared in accordance with IFRS may be obtained.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in this note.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101: IFRS 7 'Financial instruments Disclosures'; IAS 1 'presentation of financial statements'; IAS 7 'Statement of cash flows'; Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not adopted a new IFRS that has been issued but not yet effective); Paragraph 17 and 18 A of IAS 24, 'Related party disclosures' (key management compensation); IAS 24 'Related party disclosures' to disclosure related party transactions entered into between two or more members of a group; Paragraphs 91-99 of IFRS 13 Fair Value Measurement; and 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 2.2 Significant accounting policies

#### **Going concern**

The company's business activities, together with factors likely to affect its future development, performance, its financial position, financial risk management objectives, details of financial instruments and its exposure to credit and cash flow risk are set out in the Business Review on pages 2 and 3.

The Company has a range of customers across different geographical and market sectors and continues to work closely with its customers to develop its product range. As a consequence the directors believe that the Company's forecasts and projections, taking into account possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities despite the uncertain economic outlook.

As shown on page 13 the Company incurred a net profit of £177,824 during the year ended 31 March 2023, which has resulted in a slight improvement in the net liability position. The company's liabilities exceeds its total assets by £83,085, as seen on Page 14/15 (2022: £260,909). These conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. In this respect, the company has, therefore, sought and obtained a letter of support from its ultimate parent company to meet its liabilities as they fall due for a period through to 31 December 2024.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and to provide any support required. Toray Industries Inc Revenue up to 31 March 2023 was 2,489.3 Billion Yen with an operating income of 109 billion yen and cash equivalents of 224 billion Yen as at 31 March 23. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Consolidation**

The company is a wholly owned subsidiary of Toray Advanced Composites Holding BV and of its ultimate parent, Toray Industries Inc. It is included in the consolidated financial statements of Toray Industries Inc, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Nihonbashi Mitsui Tower, 1-1, Nihonbashi-Muromachi 2-chrome, Chuo-ku, Tokyo 103-8666.

These financial statements are separate financial statements.

#### **Research and development**

Research and development expenditure is written off in the year in which it is incurred but claims are made for eligible expenditure and treated as other operating expenses.

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales –related taxes.

##### **Sale of goods**

Revenue from the sale of goods is recognised when performance obligations are satisfied as set out below:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is possible that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### ***Amortisation of intangible assets***

Amortisation is provided on all intangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Licences	-	3 - 5 years
----------	---	-------------

### ***Depreciation of tangible assets***

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold property	-	10 - 50 years
Plant and machinery	-	2 - 10 years
Fixtures and fittings	-	3 - 15 years
Motor vehicles	-	4 years

### ***Impairment of tangible assets***

Tangible assets are reviewed for impairment as and when indications of such impairment exist. When required impairment reviews based on discounted forecast cash flows or estimated realisable values of assets are performed with any resulting shortfall charged in arriving at operating loss.

### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables, and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

### ***Current Tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

### ***Deferred taxation***

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

## Notes to the financial statements (continued)

for the year ended 31 March 2023

- When the deferred tax liability arises from the initial recognition of good will or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible differences, carried forward tax credits or losses

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except where it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

### **Functional currency**

The functional currency of the company is pounds sterling on the basis that the trading largely consists of sterling transactions and the main site of the business is situated in the United Kingdom.

### **Foreign currency translation**

The company's financial statements are presented in sterling, which is the company's functional currency.

Transactions in foreign currencies are initially recorded at the prevailing rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

### **Derivatives**

The Company uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each balance sheet date. Derivatives are carried as assets when the fair value is positive and as liabilities when fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The Company designates derivatives of foreign currency risk of firm commitments as cash flow hedges.

Where hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objectives, strategy for undertaking the hedge, the hedged instrument, the hedged item or transaction, the nature of the risk being hedged, and how effectiveness will be measured throughout its duration. At inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### **Cash flow hedges**

The Company classifies hedges as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or highly probable forecast transaction.

For cash flow hedges, the effective portion of the gain or loss is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the income statement (included in the "other gains and losses" line) when the hedged transaction affects profit or loss, for example when a forecast sale or purchase occurs.

### **Leases**

Applying IFRS16 has resulted in right-of-use assets totalling £869,622 (2022: £1,172,880), which is comprised of buildings, forklift trucks, office / plant equipment and motor vehicles. Right-of-use assets are depreciated to nil over the lease term. At 31 March 23, current lease liabilities were £325,713 (2022: £340,166) and non-current being £522,326 (2022: £807,291). Calculation of the lease liabilities during year to 31/3/23 was based on a 3% borrowing rate, resulting in £31,287 (2022: £38,995) interest charge contained in the income statement

The Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Information about critical accounting judgements in the application of lease accounting is disclosed in note 2.3.

### **Pension costs**

During the period under review the Company operated a defined contribution pension scheme for its employees. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### **Assets held for resale**

Tangible assets are classified as held for sale only if available for immediate sale in their present condition, a sale is highly probable or expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

### **Government Grants**

Government grants are recognised at fair value as other income in the income statement when there is reasonable assurance that the conditions associated with the grant have been complied with and the grants will be received. Grants compensating for expenses incurred are recognised in the income statement on a systematic basis in the same period in which the expenses are incurred.

Government grants relating to property, plant and equipment are treated as deferred income and released to the profit and loss over the expected useful lives of the assets concerned.

### **Financial instruments**

#### **Financial assets**

##### *Initial recognition and measurement*

Financial assets are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement in other operating expenses.

##### *Impairment of financial assets*

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are recognised in two stages:

- for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL);
- for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against associated provision.

#### **Financial liabilities**

##### *Initial recognition and measurement*

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 2.3 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### ***Critical accounting estimates and assumptions***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:-

#### ***Useful economic lives of property, plant and equipment***

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment and the accounting policy note for the useful economic lives for each class of assets.

As indicated in note 2.2 the estimated useful lives of items of property, plant and equipment range between 2 – 50 years. However, the actual useful lives might be shorter or longer depending on technological innovations and other factors.

#### ***Lease accounting***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in vehicle leases have not been included in the lease liability because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

#### ***Stock provision***

The determination of the cost of stock is a significant area of estimation. The key areas of estimation are:

- The determination of the net realisable value of stock.
- The level of provision for slow and obsolete stock.

The level of provision applied against stock is based upon a number of factors such as the age, quality or condition of individual lines.

Stock held which is rejected, damaged or of "seconds quality" has a 100% provision applied. Similarly, stock which is older than two years also is subject to a 100% provision, stock between one and two years old has 50% provision applied and stock under one year old has a 0% provision.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 3. Turnover

Turnover represents the amounts derived from the provision of goods and services during the year which fall within the Company's ordinary activities and is stated net of value added tax.

An analysis of turnover by geographical market is given below.

	2023	2022
	£	£
United Kingdom	5,502,697	6,236,334
Rest of Europe	8,068,715	6,160,762
Rest of World	1,674,899	725,105
	<u>15,246,311</u>	<u>13,122,201</u>

### 4. Operating profit

	2023	2022
	£	£
<i>This is stated after receiving and charging as follows::</i>		
<b>Operating Income:-</b>		
Release of government grants	6,240	6,240
Government job retention credits	-	34,467
Research and Development grant	21,245	25,426
	<u>27,485</u>	<u>66,133</u>
Depreciation of owned fixed assets	675,390	661,990
Depreciation of lease assets (IFRS16)	324,988	329,545
Operating lease rentals:		
- plant and machinery	<u>5,534</u>	<u>2,821</u>
Research & development costs	<u>201,757</u>	<u>241,467</u>

The company has received support under the UK Coronavirus Job Retention Scheme of £nil (2022: £34,467) to help mitigate the potential impact on job losses resulting from COVID-19.



## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 5. Auditor's remuneration

	2023	2022
	£	£
Audit of financial statements	29,000	25,000
	<u>29,000</u>	<u>25,000</u>

### 6. Staff costs

	2023	2022
	£	£
Wages and salaries	2,877,026	2,531,507
Social security costs	290,380	237,838
Defined contribution pension costs	119,308	113,854
	<u>3,286,714</u>	<u>2,883,199</u>

The monthly average number of employees during the year was as follows:

	2023	2022
Production and distribution	59	58
Administration	9	9
Selling	13	12
	<u>81</u>	<u>79</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 7. Directors' remuneration

	2023	2022
	£	£
Remuneration	252,142	236,309

	2023	2022
	£	£
In respect of the highest paid director:		
Aggregate Remuneration	162,979	151,585

Included in the above remuneration figure is an amount of £6,400 (2022: £6,300) which relates to cash amounts for cars, and amount £40,000 (2022: £39,985) which relates to contributions paid on behalf of 1 Director to a defined contribution pension scheme.

	£	£
The number of directors to whom retirement benefits are accruing was as follows:		
Money Purchase Schemes	1	1

### 8. Interest Payable & Similar charges

	2023	2022
	£	£
Foreign Currency Exchange	(14,923)	13,621
Group Inter company borrowings	211,441	200,950
IFRS16 lease interest charges	31,287	38,995
<b>Total Interest payable</b>	<b>227,804</b>	<b>253,566</b>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 9. Tax

	2023 £	2022 £
Current tax:		
Group relief in respect of prior periods	77,898	-
<b>Total current tax</b>	<b>77,898</b>	<b>-</b>
	£	£
Deferred tax:		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
Tax per income statement	77,898	-

#### Factors affecting total tax charge for the current period

The charge for the year can be reconciled to the profit per the income statement as follows:

	2023 £	2022 £
Profit/(Loss) for the period – continuing operations	99,926	(666,684)
Tax on profit/(loss) at standard UK rate of 19% (2022: 19%)	18,986	(126,670)
Effects of:		
Expenses not deductible for tax purposes	9,492	10,811
Depreciation in excess of capital allowances	-	-
Capital allowances in excess of depreciation	(53,431)	(24,595)
Group relief in respect of prior periods	77,898	-
Tax losses not utilised	24,954	140,454
<b>Total tax credit included in income statement</b>	<b>77,898</b>	<b>-</b>

The company carried forward tax losses at 31 March 2023 of £3,954,844 (2022: £3,823,505). A deferred tax asset has not been established on the grounds that there is currently insufficient evidence that the asset will be recoverable against taxable profits in the short term.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. If the corporation tax rate increase, from 19% to 25%, is applied to the carried forward losses as at 31<sup>st</sup> March 2023, the unprovided deferred tax asset would increase from £955,876 to £988,711.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Fixed Assets

#### Intangible fixed assets

	<i>Licences</i>
Cost or valuation:	£
At 1 April 2022	289,664
Disposals	(6,088)
At 31 March 2023	283,576
Amortisation:	
At 1 April 2022	(243,653)
Provided during the year	(24,337)
Disposal	6,088
At 31 March 2023	(261,902)
Net book value:	
At March 2023	21,674
At March 2022	46,011

#### Tangible fixed assets

	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Total</i>
Cost or valuation:	£	£	£
At 1 April 2022	6,679,146	1,429,891	8,109,037
Additions	505,319	17,581	522,900
Disposals	-	(51,011)	(51,011)
At 31 March 2023	7,184,465	1,396,461	8,580,926
Depreciation:			
At 1 April 2022	(3,899,545)	(911,012)	(4,810,555)
Provided during the year	(548,714)	(126,676)	(675,390)
Disposals	-	51,011	51,011
At 31 March 2023	(4,448,258)	(986,675)	(5,434,933)
Net book value:			
At March 2023	2,736,206	409,786	3,145,992
At March 2022	2,779,602	518,880	3,298,482

As a result of the net liability position, an impairment review has been carried out as at 31 March 2023. The value in use has been derived from discounted cash flow projections using a pre-tax discount rate of 7.7%. This is based on the expected results for year to 31 Mar 2024, management projections for a further 3 years followed by an assumption that the results will remain consistent. Whilst initial forecasts

## Notes to the financial statements (continued)

for the year ended 31 March 2023

indicate growth in revenue and profitability the results for 2024 onwards have been sensitised to reflect the risks within these forecasts. The business continues to have opportunities to improve profitability and management are focussed on converting the sales pipeline however the value and timing of this remains uncertain.

### Right of use assets

	<i>Buildings</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>Total</i>
Cost or valuation:	£	£	£	£
At 1 April 2022	1,859,639	140,351	139,312	2,139,302
Additions	-	-	18,157	18,157
Lease Modification		4,085	(463)	3,622
Disposals	-		(84,893)	(84,893)
At 31 March 2023	1,859,639	144,436	72,113	2,076,188
Depreciation:				
At 1 April 2022	(792,585)	(78,264)	(95,573)	(966,422)
Provided during the year	(264,195)	(36,044)	(24,749)	(324,988)
Lease Modification			(49)	(49)
Disposals	-	-	84,893	84,893
At 31 March 2023	(1,056,780)	(114,308)	(35,478)	(1,206,566)
Net book value:				
At March 2023	802,859	30,127	36,636	869,622
At March 2022	1,067,054	62,087	43,739	1,172,880

The Income statement shows the following amounts relating to leased assets: -

	2023	2022
	£	£
Interest expense Right of Use assets (included in Interest payable and similar expenses)	31,287	38,995
Expense relating to low value assets and short-term leases (included in Operating Expenses)	5,534	2,020

The total cash outflow for leases was £360,348 (2022: £361,942)

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 11. Stocks

	2023	2022
	£	£
Raw materials	2,499,437	1,850,551
Finished goods	213,182	460,372
	<u>2,712,619</u>	<u>2,310,923</u>

### 12. Debtors

	2023	2022
	£	£
Trade debtors	2,333,675	2,245,457
Amounts due from group undertaking	812	77,559
Prepayments and accrued income	215,757	198,567
Other Taxation	-	11,176
	<u>2,550,244</u>	<u>2,532,759</u>

### 13. Creditors: amounts falling due within one year

	2023	2022
	£	£
Loans from group undertakings (see note 15)	-	6,100,000
Lease liability (IFRS16) (see note 15)	325,713	340,166
Trade creditors	1,007,499	1,670,613
Amount owed to group undertakings	844,293	1,173,198
Other taxation and social security	186,998	63,228
Other creditors	891,234	340,465
Government grants	6,240	6,240
	<u>3,261,977</u>	<u>9,693,910</u>

The loan agreement is with Toray Advanced Composites Netherlands BV and was initially payable 31 March 2023. Interest was charged at a rate of 3.33% per annum. As at 31<sup>st</sup> March 2023, the Intercompany loan was extended to 30 Jun 2024. Interest rate on the revised loan is now based on SONIA rate + 0.375%. Toray Industries Inc, the ultimate parent company, has provided a letter of ongoing financial support.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 14. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Loans from group undertakings (see note 15)	6,200,000	-
Lease liability (IFRS16) (see note 15)	522,326	807,291
Accruals and deferred income	10,591	16,831
	<u>6,732,917</u>	<u>824,122</u>

Deferred income relates to a government grant and is to be recognised in income over the life of the related asset.

As at 31<sup>st</sup> March 2023, the Intercompany loan was extended to 30 Jun 2024. Interest rate on the revised loan is now based on SONIA rate + 0.375%. Toray Industries Inc has provided a letter of ongoing financial support.

### 15. Financial Liabilities - Borrowings

	2023	2022
	£	£
<i>Current:</i>		
Loans from group undertakings	-	6,100,000
Lease Liability (IFRS16) (see note 16)	325,713	340,166
	<u>325,713</u>	<u>6,440,166</u>

	2023	2022
	£	£
<i>Non-Current:</i>		
Loans from group undertakings	6,200,000	-
Lease Liability (IFRS16) (see note 16)	522,326	807,291
	<u>6,722,326</u>	<u>807,291</u>

*Terms and debt repayment schedule:*

	1 year or less	1-2 years	2-5 years	Totals
	£	£	£	£
Loan from group undertakings	-	6,200,000	-	6,200,000
Lease Liability (IFRS16)	325,713	293,245	229,081	848,039
	<u>325,713</u>	<u>6,493,245</u>	<u>229,081</u>	<u>7,048,039</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 16. Leasing

	2023	2022
	£	£
<i>Net obligations repayable:</i>		
Within one year	325,713	340,166
Between one and five years	522,326	807,291
	<u>848,039</u>	<u>1,147,457</u>

### 17. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments under non-cancellable operating leases as set out below:

	2023	2022
	£	£
Not later than one year	1,475	1,171
After one year but not more than five years	4,396	-
After five years	-	-
	<u>5,871</u>	<u>1,171</u>

### 18. Contingent liability

The company has no contingent liabilities.

### 19. Related party transactions

The Company has taken advantage of the exemption in paragraph 8(k) of FRS101 from disclosing transactions with related parties that are part of the Toray Industries Inc. group or investees of the group as it is 100% owned by Toray Industries Inc.

### 20. Share capital

	2023	2022
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

	No	2023 £	No	2022 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>



## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 21. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At 1 April 2021	100	405,674	405,774
Loss for the period	-	(666,684)	(666,684)
As at 31 March 2022	100	(261,009)	(260,909)
Profit for the year	-	177,824	177,824
At 31 March 2023	100	(83,185)	(83,085)

### 22. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2022: £34,306).

### 23. Ultimate parent company

At 31 March 2023 the immediate parent undertaking is Toray Advanced Composites Holding BV ( merged in Dec22 with our former parent company Toray TCAC Holding B.V.)

The largest company in which the results of the company are consolidated is that headed by Toray industries, Inc., Nihonbashi Mitsui Tower, 1-1, Nihonbashi-Muromachi, 2-chome, Chuo-ku, Tokyo 103-8666, incorporated in Japan. The consolidated financial statements of the group are available to the public and may be obtained from [Toray.com](http://Toray.com).