

Company Registration No. 02941722 (England and Wales)

TRANSITION PARTICIPATIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MAY 2021

TRANSITION PARTICIPATIONS LIMITED

COMPANY INFORMATION

Director	Mr David Ingall
Secretary	Mr A Mansell
Company number	02941722
Registered office	Hi-Temp Works 480 Penistone Road Sheffield S6 2FU
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD

TRANSITION PARTICIPATIONS LIMITED

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TRANSITION PARTICIPATIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 MAY 2021

The director presents the strategic report for the year ended 29 May 2021.

Principal activities

The group is a supplier of high-quality titanium additives for alloying and largely supplies the steel industry. Most of the group's products are manufactured from scrap titanium and the primary titanium from which scrap is generated is produced to far higher specifications than the demands of the alloying market.

The group has a variety of industrial consumers world-wide, and the group's reputation has been steadily built upon the ability to produce precise specification materials. The quality differentiates the group from its competitors and is the main reason behind it being Europe's largest ferro-titanium producer.

Business and performance review

Business performance at the start of the year continued to be impacted by the Covid-19 pandemic and this generally continued throughout the financial year. There was a gradual upturn in productivity from November 2020 onwards but still not reaching the levels achieved prior to the Covid-19 outbreak.

The lock down measures introduced around the world have had a significant impact on the aerospace and steel industry. Titanium scrap is produced across the aerospace supply chain, in super-alloy production and aircraft manufacturing. Reduced levels of titanium turnings available – caused by a lack of aerospace manufacturing activity – have led to significant price increases.

A knock-on effect of this has seen producers increasingly using higher quality scrap in ferro-titanium production as prices of titanium turnings have reached parity with higher quality scrap. Higher stock holdings by producers has been another side effect of the short supplies.

Given the nature of the industry, the bulk of our employees are in on-site jobs that cannot be done remotely. In response to the Covid-19 pandemic, we implemented various social distancing measures for employees and site visitors as part of our risk assessment to ensure our premises were Covid-secure and operations could continue.

The financial position at the year-end were considered good by the director, given the extent of the challenges. Despite the difficult trading environment, the group was still able to trade profitably, and the director remains hopeful that the forthcoming year will bring an upturn in business performance.

The group's key financial and other performance indicators during the year are as follows:

	2021	2020
Turnover	£9.088m	£11.179m
Operating profit before negative goodwill amortisation	£0.450m	£1.272m
Operating Profit	£0.450m	£1.199m
Net Assets	£5.499m	£5.274m

As before, the turnover has been achieved through continuous delivery of high-quality products whilst maintaining strong relationships with both customers and suppliers. The group has shown stability through harsh conditions and continually re-run projections that are realistic and align with the levels of business the group can trade at through these difficult times.

We continuously attempt to make improvements to our systems and procedures, introducing information technology and training to ensure they are robust.

The group continues to strive towards improving profit margins and managing efficiencies within the business whilst always looking to further diversify and grow through participating in innovative projects and investing in new plant and equipment. The overall strategy of the group continues to be that of building excellent relationships with customers and suppliers to maintain its reputation and high standards.

TRANSITION PARTICIPATIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

Principal risks and uncertainties

The directors continually assess the risks facing the business and adapt to the changes in market conditions. The group has not experienced any significant financial impact as a result of Brexit, though some processes relating to customs have changed. The business looks to address risks through assessing the credit risk of key customers and suppliers.

To maintain its quality advantage, the group continues to participate in interesting new projects and has invested in more environmentally friendly and sustainable cleaning technology. This in turn will improve efficiency and allow the group to diversify the services it offers along with expanding the client base to reduce risk.

Rigorous health and safety policies and training of staff ensure that health and safety risk is kept to an absolute minimum.

On behalf of the board

Mr David Ingall
Director

14 February 2022

TRANSITION PARTICIPATIONS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 29 MAY 2021

The director presents his annual report and financial statements for the year ended 29 May 2021.

Principal activities

The principal activity of the company continued to be that of management, administrative and other related services.

The principal activity of the group continued to be that of processing and trading of titanium and other metals and minerals.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr David Ingall

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £81,800.

Auditor

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRANSITION PARTICIPATIONS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

Statement of disclosure to 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 of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr David Ingall
Director

14 February 2022

TRANSITION PARTICIPATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRANSITION PARTICIPATIONS LIMITED

Opinion

We have audited the financial statements of Transition Participations Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 29 May 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 May 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor'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 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 director's 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

TRANSITION PARTICIPATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRANSITION PARTICIPATIONS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has 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.

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 gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of such regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

TRANSITION PARTICIPATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRANSITION PARTICIPATIONS LIMITED

We focused on laws and regulations relevant to the company which could give rise to a material misstatement in the financial statements. Our testing included discussions with management and directors with direct responsibility for the compliance of laws and regulations and agreeing financial statement disclosures to underlying supporting documentation. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Philip Allsop
For and on behalf of BHP LLP

14 February 2022

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

TRANSITION PARTICIPATIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 MAY 2021

	Notes	2021 £	2020 £
Turnover	3	9,087,639	11,169,999
Cost of sales		(7,664,294)	(8,791,517)
Gross profit		<u>1,423,345</u>	<u>2,378,482</u>
Administrative expenses		(1,206,190)	(1,457,251)
Other operating income		232,663	204,917
Amortisation of negative goodwill	4	-	72,910
Operating profit	5	<u>449,818</u>	<u>1,199,058</u>
Interest payable and similar expenses	9	(45,403)	(94,431)
Profit before taxation		<u>404,415</u>	<u>1,104,627</u>
Tax on profit	10	(97,293)	(239,566)
Profit for the financial year		<u><u>307,122</u></u>	<u><u>865,061</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

TRANSITION PARTICIPATIONS LIMITED

GROUP BALANCE SHEET

AS AT 29 MAY 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		251,948		298,008
Tangible assets	13		4,046,214		3,816,108
Investments	14		1		1
			<u>4,298,163</u>		<u>4,114,117</u>
Current assets					
Stocks	17	3,322,792		1,476,830	
Debtors	18	3,153,905		2,370,194	
Cash at bank and in hand		1,145,536		266,048	
		<u>7,622,233</u>		<u>4,113,072</u>	
Creditors: amounts falling due within one year	19	(5,199,984)		(2,173,815)	
Net current assets			<u>2,422,249</u>		<u>1,939,257</u>
Total assets less current liabilities			<u>6,720,412</u>		<u>6,053,374</u>
Creditors: amounts falling due after more than one year	20		(896,812)		(460,096)
Provisions for liabilities					
Deferred tax liability	22	324,000	(324,000)	319,000	(319,000)
Net assets			<u>5,499,600</u>		<u>5,274,278</u>
Capital and reserves					
Called up share capital	24		1,000		1,000
Profit and loss reserves			5,498,600		5,273,278
Total equity			<u>5,499,600</u>		<u>5,274,278</u>

The financial statements were approved and signed by the director and authorised for issue on 14 February 2022

Mr David Ingall
Director

TRANSITION PARTICIPATIONS LIMITED

COMPANY BALANCE SHEET

AS AT 29 MAY 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	14		6		6
Current assets					
Debtors	18	395,471		217,787	
Cash at bank and in hand		5,232		153	
		<u>400,703</u>		<u>217,940</u>	
Creditors: amounts falling due within one year	19	<u>(348,962)</u>		<u>(180,461)</u>	
Net current assets			51,741		37,479
Net assets			<u>51,747</u>		<u>37,485</u>
Capital and reserves					
Called up share capital	24		1,000		1,000
Profit and loss reserves			50,747		36,485
Total equity			<u>51,747</u>		<u>37,485</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year (after tax) was £96,062 (2020 - £127,413 profit).

The financial statements were approved and signed by the director and authorised for issue on 14 February 2022

Mr David Ingall
Director

Company Registration No. 02941722

TRANSITION PARTICIPATIONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 MAY 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 30 May 2019		1,000	4,524,460	4,525,460
Year ended 29 May 2020:				
Profit and total comprehensive income for the year		-	865,061	865,061
Dividends	11	-	(116,243)	(116,243)
Balance at 29 May 2020		1,000	5,273,278	5,274,278
Year ended 29 May 2021:				
Profit and total comprehensive income for the year		-	307,122	307,122
Dividends	11	-	(81,800)	(81,800)
Balance at 29 May 2021		1,000	5,498,600	5,499,600

TRANSITION PARTICIPATIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 MAY 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 30 May 2019		1,000	25,316	26,316
Year ended 29 May 2020:				
Profit and total comprehensive income for the year		-	127,412	127,412
Dividends	11	-	(116,243)	(116,243)
Balance at 29 May 2020		1,000	36,485	37,485
Year ended 29 May 2021:				
Profit and total comprehensive income for the year		-	96,062	96,062
Dividends	11	-	(81,800)	(81,800)
Balance at 29 May 2021		1,000	50,747	51,747

TRANSITION PARTICIPATIONS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 MAY 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	28	568,672		1,648,518	
Interest paid		(45,403)		(94,431)	
Income taxes paid		-		(316,713)	
Net cash inflow from operating activities		<u>523,269</u>		<u>1,237,374</u>	
Investing activities					
Purchase of tangible fixed assets		(532,124)		(542,306)	
Proceeds on disposal of tangible fixed assets		-		15,000	
Loan (payments to)/ receipts from directors		(90,133)		28,007	
Net cash used in investing activities		<u>(622,257)</u>		<u>(499,299)</u>	
Financing activities					
Proceeds from borrowings		875,000		-	
Repayment of borrowings		(154,530)		(392,374)	
Proceeds of new bank loans		125,000		-	
Dividends paid to equity shareholders		(81,800)		(116,243)	
Net cash generated from/(used in) financing activities		<u>763,670</u>		<u>(508,617)</u>	
Net increase in cash and cash equivalents		<u>664,682</u>		<u>229,458</u>	
Cash and cash equivalents at beginning of year		(431,199)		(660,657)	
Cash and cash equivalents at end of year		<u><u>233,483</u></u>		<u><u>(431,199)</u></u>	
Relating to:					
Cash at bank and in hand		1,145,536		266,048	
Bank overdrafts included in creditors payable within one year		<u><u>(912,053)</u></u>		<u><u>(697,247)</u></u>	

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 MAY 2021

1 Accounting policies

Company information

Transition Participations Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Hi-Temp Works, 480 Penistone Road, Sheffield, S6 2FU.

The group consists of Transition Participations Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company Transition Participations Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 29 May 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Positive goodwill arising is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Negative goodwill arises when the consideration for a business acquisition is less than the fair value of the underlying net assets. During 2018, the parent company purchased the remaining 50% interest in various operating companies for a nominal value together with an agreement to repay significant borrowings from its former partner over an 18 month period. In the light of this, negative goodwill is being amortised to the group profit and loss account over the same period and repayment pattern.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years straight line
Plant and equipment	5-15 years straight line
Fixtures and fittings	3-5 years straight line

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Share capital

Share capital issued by the group is recorded at the proceeds received, net of transaction costs. Dividends payable on share capital are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

1 Accounting policies

(Continued)

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Processing and trading of titanium & other metals and minerals	9,087,639	11,169,999
	<u>9,087,639</u>	<u>11,169,999</u>
	2021 £	2020 £
Turnover analysed by geographical market		
UK	113,730	267,283
Rest of the world	8,973,909	10,902,716
	<u>9,087,639</u>	<u>11,169,999</u>
	2021 £	2020 £
Other significant revenue		
Innovate UK Grants received	65,034	65,660
Coronavirus Job Retention Scheme Grants received	167,629	29,257
	<u>232,663</u>	<u>94,917</u>

4 Exceptional costs/(income)

	2021 £	2020 £
Amortisation of negative goodwill	-	(72,910)
	<u>-</u>	<u>(72,910)</u>

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	473,216	105,909
Government grants	(232,663)	(94,917)
Depreciation of owned tangible fixed assets	302,018	307,218
Profit on disposal of tangible fixed assets	-	(1,178)
Amortisation of intangible assets	46,060	(26,850)
Operating lease charges	43,994	6,050
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,150	5,150
Audit of the financial statements of the company's subsidiaries	11,255	11,110
	<u> </u>	<u> </u>
	18,405	16,260
	<u> </u>	<u> </u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
49	56	4	4
<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	1,197,558	1,397,535	39,467	32,735
Social security costs	44,923	57,388	1,805	111
Pension costs	21,627	38,487	392	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,264,108	1,493,410	41,664	32,846
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

8 Director's remuneration

	2021 £	2020 £
Remuneration for qualifying services	7,800	7,800

9 Interest payable and similar expenses

	2021 £	2020 £
Other interest	45,403	94,431

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	92,293	174,566
Deferred tax		
Origination and reversal of timing differences	5,000	65,000
Total tax charge	97,293	239,566

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	404,415	1,104,627
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	76,839	209,879
Tax effect of expenses that are not deductible in determining taxable profit	8,751	8,528
Tax effect of income not taxable in determining taxable profit	-	(13,852)
Tax effect of utilisation of tax losses not previously recognised	-	1,319
Fixed asset timing differences	6,703	(31,308)
Deferred tax charge	5,000	65,000
Taxation charge	97,293	239,566

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

11 Dividends

	2021 £	2020 £
Dividend paid	81,800	116,243

12 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 30 May 2020 and 29 May 2021	460,599	(3,224,727)	(2,764,128)
Amortisation and impairment			
At 30 May 2020	162,591	(3,224,727)	(3,062,136)
Amortisation charged for the year	46,060	-	46,060
At 29 May 2021	208,651	(3,224,727)	(3,016,076)
Carrying amount			
At 29 May 2021	251,948	-	251,948
At 29 May 2020	298,008	-	298,008

13 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 30 May 2020	1,675,004	2,538,097	301,047	11,109	4,525,257
Additions	405,774	71,162	55,188	-	532,124
At 29 May 2021	2,080,778	2,609,259	356,235	11,109	5,057,381
Depreciation and impairment					
At 30 May 2020	35,547	540,976	130,283	2,343	709,149
Depreciation charged in the year	18,110	222,338	59,487	2,083	302,018
At 29 May 2021	53,657	763,314	189,770	4,426	1,011,167
Carrying amount					
At 29 May 2021	2,027,121	1,845,945	166,465	6,683	4,046,214
At 29 May 2020	1,639,457	1,997,121	170,764	8,766	3,816,108

The company had no tangible fixed assets at 29 May 2021 or 29 May 2020.

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	5	5
Investments in associates	16	1	1	1	1
		<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>
		<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>

Movements in fixed asset investments Group

Shares in group undertakings and participating interests

	£
Cost or valuation	
At 30 May 2020 and 29 May 2021	1
	<u>1</u>
Carrying amount	
At 29 May 2021	1
	<u>1</u>
At 29 May 2020	1
	<u>1</u>

Movements in fixed asset investments Company

Shares in group undertakings and participating interests

	£
Cost or valuation	
At 30 May 2020 and 29 May 2021	6
	<u>6</u>
Carrying amount	
At 29 May 2021	6
	<u>6</u>
At 29 May 2020	6
	<u>6</u>

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

15 Subsidiaries

Details of the company's subsidiaries at 29 May 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Alloy Analysis Limited	United Kingdom	Ordinary	100.00
Pure Melt Limited	United Kingdom	Ordinary	100.00
Transition International Limited	United Kingdom	Ordinary	100.00
Transition Metals Limited	United Kingdom	Ordinary	100.00
Transition Sheffield Limited	United Kingdom	Ordinary	100.00

16 Associates

Details of associates at 29 May 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Transition Solutions Limited	United Kingdom	Ordinary	50

17 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	3,240,316	1,326,561	-	-
Work in progress	27,640	-	-	-
Finished goods and goods for resale	54,836	150,269	-	-
	<u>3,322,792</u>	<u>1,476,830</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	1,704,808	1,081,033	-	-
Amounts owed by group undertakings	728,638	694,269	288,403	200,852
Other debtors	714,095	426,646	107,068	16,935
Prepayments and accrued income	6,364	168,246	-	-
	<u>3,153,905</u>	<u>2,370,194</u>	<u>395,471</u>	<u>217,787</u>

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

19 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	21	1,037,053	697,247	-	-
Other borrowings	21	311,484	27,730	-	-
Trade creditors		2,951,330	855,322	-	-
Amounts owed to group undertakings		-	-	296,419	149,614
Corporation tax payable		266,858	174,566	41,865	19,332
Other taxation and social security		125,290	41,399	7,489	7,600
Other creditors		384,864	340,774	6	6
Accruals and deferred income		123,105	36,777	3,183	3,909
		<u>5,199,984</u>	<u>2,173,815</u>	<u>348,962</u>	<u>180,461</u>

20 Creditors: amounts falling due after more than one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Other borrowings	21	896,812	460,096	-	-
		<u>896,812</u>	<u>460,096</u>	<u>-</u>	<u>-</u>

Creditors include an amount of £458,296 mortgage and £750,000 CBILS loans, which are secured on the freehold property of Transition Sheffield Limited, of which £311,484 is included in creditors due within one year.

21 Loans and overdrafts

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Bank loans	125,000	-	-	-
Bank overdrafts	912,053	697,247	-	-
Other loans	1,208,296	487,826	-	-
	<u>2,245,349</u>	<u>1,185,073</u>	<u>-</u>	<u>-</u>
Payable within one year	1,348,537	724,977	-	-
Payable after one year	896,812	460,096	-	-
	<u>2,245,349</u>	<u>1,185,073</u>	<u>-</u>	<u>-</u>

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	324,000	319,000

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 30 May 2020	319,000	-
Charge to profit or loss	5,000	-
Liability at 29 May 2021	324,000	-

23 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	21,627	38,487

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Group and company				
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Acquisition of tangible fixed assets	359,788	334,272	-	-

26 Directors' transactions

Advances or credits have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Directors loan	-	16,935	107,133	(17,000)	107,068
		16,935	107,133	(17,000)	107,068

27 Controlling party

The ultimate controlling party is Mr David Ingall by virtue of his majority shareholding in Transition Participations Limited

28 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	307,122	865,061
Adjustments for:		
Taxation charged	97,293	239,566
Finance costs	45,403	94,431
Gain on disposal of tangible fixed assets	-	(1,178)
Amortisation and impairment of intangible assets	46,060	(26,850)
Depreciation and impairment of tangible fixed assets	302,018	307,217
Movements in working capital:		
Increase in stocks	(1,845,962)	(84,134)
(Increase)/decrease in debtors	(690,507)	574,491
Increase/(decrease) in creditors	2,307,245	(320,086)
Cash generated from operations	568,672	1,648,518

TRANSITION PARTICIPATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 MAY 2021

29 Analysis of changes in net debt - group

	30 May 2020 £	Cash flows £	29 May 2021 £
Cash at bank and in hand	266,048	879,488	1,145,536
Bank overdrafts	(697,247)	(214,806)	(912,053)
	<hr/> (431,199)	<hr/> 664,682	<hr/> 233,483
Borrowings excluding overdrafts	(487,826)	(845,470)	(1,333,296)
	<hr/> (919,025)	<hr/> (180,788)	<hr/> (1,099,813)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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