

CNC Speedwell Limited

**Annual report and financial statements
for the year ended 31 March 2022**

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CNC Speedwell Limited

Company Information

Directors	B J Cooke S J Mant A Vicary S C Barwell R T Thursfield C C Dodds (resigned 30 September 2021) B L Marsh
Company secretary	S J Mant
Registered number	3124721
Registered office	c/o Castings Plc Lichfield Road Brownhills West Midlands WS8 6JZ
Independent auditors	Mazars LLP Two Chamberlain Square Birmingham B3 3AX
Legal form	Private limited company
Country of incorporation and registration	England

CNC Speedwell Limited

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CNC Speedwell Limited

Strategic report For the Year Ended 31 March 2022

Principal activities

CNC Speedwell Limited is a private company, limited by shares and is incorporated in England under the Companies Act. The address of the registered office is included within the company information section. The nature of the company's operations and its principal activity was that of a machinist operation.

Business review

Turnover increased from £18.3m to £22.5m (2020: £24.5m) in the year as OEM production levels began to recover from the impacts of COVID-19 pandemic.

As a result of OEM part shortages, particularly semi-conductors, indications of higher demand from the group's customer base were not entirely converted into additional part sales and therefore turnover has not yet recovered to or exceeded pre pandemic levels.

Reflecting these patterns in demand, the pre-tax loss for the year reduced from (£2.3m) to (£0.9m) in the year.

The loss for the year was incurred in the second half, as increases in demand and improved productivity seen in the first half became increasingly hampered by disruption and part shortages in OEM production facilities.

Gross margin increased to 11.2% from (2.4%) in 2021 (2020: 11.6%).

Of the total turnover for the year, 13.3% was generated from external customers outside of the Castings plc group, compared to 15.5% in 2021.

Capital investment reduced to £1m (FY21: £1.5m) and was again focused on delivering the programme of automation started in 2019. Management expects this to carry on in the medium term to support productivity improvements and the introduction of significant new projects.

The company generated positive cash flows during the year and as at 31 March 2022 group balances (including group trading debtors) stood at £2.2m due from group undertakings. This represents good progress towards repaying loan funding issued by the parent company in the year to 31 March 2018, when amounts due to the parent company stood at £6.8m.

Net assets decreased to £19.8m from £21.1m due to the operating loss incurred in the period.

There were no dividend charges during the year, as in the previous year.

Strategic report (continued)
For the Year Ended 31 March 2022

Principal risks and uncertainties

In common with all trading businesses, the company is exposed to a variety of risks in the conduct of its normal business operations. The company maintains a range of insurance policies against major identified insurable risks, including (but not limited to) those related to business interruption, damage to property and equipment, damage to stocks, public and product liability and employers liability.

Whilst it is not possible to either completely record or to quantify every material risk that the company faces, below is a summary of those risks that the directors believe are most significant to the company's business and could have a material impact on future performance, causing it to differ materially from expected or historic achieved results.

Energy pricing

Energy contracts are ordinarily locked in for at least 12 months. Although renegotiation risks remain at contract maturity dates this is mitigated through the application of price adjustment clauses. At 31 March 2022 the group has electricity contracts in place until 30 September 2022 and gas contracts until 30 September 2023. CNC Speedwell is a party to these contracts.

Foreign exchange risk

Foreign exchange rate risk is sometimes partially mitigated using forward foreign exchange contracts. Translational risk arises as a consequence of applying different exchange rates to net assets denominated in currencies other than sterling and, not being an exposure that results in an actual cash flow, is not hedged.

Operational and commercial risks

The company's revenues are principally derived from commercial vehicle and automotive markets. Both markets, and hence, company revenues can be subject to variations in patterns of demand. Commercial vehicle sales are linked to technological factors (e.g. emission legislation) and economic growth. Passenger vehicle sales are influenced, inter alia, by consumer preferences, incentives and the availability of consumer credit.

Market conditions

Automotive and commercial vehicle markets are, by their nature, highly competitive, which has historically led to deflationary pressure on selling prices. This pressure is most pronounced in cycles of lower demand. A number of the company's customers are also adopting global sourcing models with the aim to reduce bought out costs. Whilst there can be no guarantee that business will not be lost on price, we are confident that we can remain competitive.

Customer concentration, programme dependencies and relationships

The loss of, or deterioration in any single customer relationship could have a material impact on the company's results.

Equipment

The company operates a number of specialist pieces of milling machinery, which, due to manufacturing lead times would be difficult to replace sufficiently quickly to prevent major interruption and possible loss of business in the event of unforeseen failure. Whilst this risk cannot be entirely mitigated without uneconomic duplication of all key equipment, all key equipment is maintained to the highest possible standards and inventories of strategic equipment spares maintained. The machining business also operates from two separate locations enabling the transfer of some production if required.

CNC Speedwell Limited

Strategic report (continued) For the Year Ended 31 March 2022

Suppliers

Although the company takes care to ensure alternative sources of supply remain available for materials or services on which the company's businesses are critically dependant, this is not always possible to guarantee without risk of short term business disruption, additional costs and potentially, damage to relationships with key customers.

COVID-19 impacts and residual delays arising from Brexit related import and export challenges continue to affect our markets and the company works with our suppliers to mitigate the impact this has.

People

Our people are key to the success of the company and retaining, training and developing our employees to maintain a long-term focused work force in a competitive labour market is crucial to the success of the company.

Information technology and systems reliability

The company is dependent on its information technology ("IT") systems to operate its business efficiently, without failure or interruption. Whilst data within key systems is regularly backed-up and systems subject to virus protection, any failure of back-up systems or other major IT interruption could have a disruptive effect on the company's business.

Product quality and liability

The company's businesses expose it to certain product liability risks, which, in the event of failure could give rise to material financial liabilities. Whilst it is a policy of the company to limit its financial liability by contract in all long term agreements ("LTAs") it is not always possible to secure such limitations in the absence of LTAs. The company's customers do require the maintenance of demanding quality systems to safeguard against quality-related risks and the company maintains appropriate external quality accreditations. The company maintains insurance for public liability-related claims but does not insure against the risk of product warranty or recall.

Environmental risk

The company's businesses are subject to compliance with many different laws and requirements in the UK and Europe. Great care is made to act responsibly towards the environment to achieve compliance with all relevant laws and to establish a standard above the minimum level required. Whilst the company's manufacturing processes are not generally considered to provide a high risk of harm to the environment, a major control failure leading to environmental harm could give rise to a material financial liability as well as significant harm to the reputation of our business.

Strategic report (continued)
For the Year Ended 31 March 2022

S172(1) Statement

Directors' statement of compliance with duty to promote the success of the Company.

The following disclosures have had regard to the matters set out in section 172(1)(a) to (f), relating to the directors' duty to promote the success of the company, and forms the directors' statement required under section 414CZA(1) of the Companies Act 2006.

Stakeholder engagement

Our success depends on the relationships we have with the people, communities and organisations that have an interest in our business and may be impacted by the decisions that we take. The key stakeholders and our manner of engagement with them is set out below.

Customers

Embedded sales, technical and production teams engaging to foster a collaborative working relationship for the long term. Investment in the latest production technologies ensures we provide the quality, efficiency and on-time delivery they require.

Employees

An important part of the culture of the group and company is our open door style of management. All senior personnel are visible throughout the business on a daily basis engaging with the workforce across all levels. In addition, regular function specific committee meetings take place as well as regular information sharing to the whole workforce. Employees are keen to understand what's going on in the business and know their opinions matter.

Shareholders

We engage with group management on a daily basis through a variety of channels as part of the day to day management of the company. The group engages with its shareholders through a number of channels which include the annual report, AGM, investor site visits, one-to-one meetings and telephone conversations. They are interested in the strategy and its execution, generating strong returns and maintaining financial discipline. We report and discuss these areas on a regular basis.

Communities and the environment

As a significant employer in the area which we are based, we support local employment and apprenticeship schemes. We seek to engage and collaborate with local educational institutes where possible and increase the overall visibility of the group. The local community is keen to ensure we are supporting and investing in local jobs, operating safely and ethically as well as reducing our environmental impact. We provide direct employment to over 300 people, invest in our facilities to provide a safe workplace and consider opportunities to ensure a more sustainable strategy.

Suppliers

We seek to improve business relationships with our key suppliers to protect the operations of the company. We engage with suppliers to ensure they comply with our code of conduct to maintain high standards of supply.

Principal decisions taken during the year

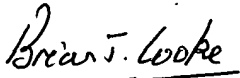
There were no principal decisions taken during the year. The company is affected by principal decisions taken by the Castings PLC group which are outlined in the financial statements of the parent company and can be

CNC Speedwell Limited

Strategic report (continued)
For the Year Ended 31 March 2022

obtained as detailed in note 20.

This report was approved by the board on 15 June 2022 and signed on its behalf.



B J Cooke
Director

CNC Speedwell Limited

Directors' report For the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,306,255 (2021 - loss £1,708,343).

No interim dividend was paid during the year (2021 - £NIL). The directors are not recommending the payment of a final dividend.

Directors

The directors who served during the year were:

B J Cooke
S J Mant
A Vicary
S C Barwell
C C Dodds (resigned 30 September 2021)
R T Thursfield
B L Marsh

Directors' report (continued)
For the Year Ended 31 March 2022

Financial instruments

The company is exposed to risks that arise from its use of financial instruments. There have been no substantive changes in the company's exposure to financial instrument risks, its objectives or policies and processes for managing those risks

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade debtors
- Other debtors
- Cash at bank
- Trade and other creditors

General objectives, policies and processes

The board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The board receives reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility.

Credit risk

Credit risk arises principally from the company's trade debtors; being the risk that the counterparty fails to discharge its obligation in respect of the instrument. Credit risk is managed by obtaining credit checks from a reputable external source (for example Creditsafe and trade references) prior to allowing credit and placing customers on stop when credit limits are breached. Pro-forma invoicing is sometimes used for new customers or customers with poor payment history until credit-worthiness can be proven or re-established. Impairment provisions are made against trade receivables when considered appropriate based upon objective evidence or in the event that reasonably foreseeable future events or conditions may exist which are likely to impact the recoverability of trade debtors.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 90 days. The cash position is continuously monitored to ensure that there is sufficient cash which may include short-term loans from the parent company. Based on projected cash flows, the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Currency and interest rate risk

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. It is the company's policy to convert all non-functional currency to sterling at the first opportunity after allowing for similar functional currency outlays. It does not consider the use of hedging facilities would significantly minimise this risk. The company has no financial liabilities subject to interest rate risk.

Directors' report (continued)
For the Year Ended 31 March 2022

Engagement with employees

The company's policy is to employ people who embody its core values of commitment and excellence. These values apply to all employees regardless of seniority or position, including directors.

The company seeks to communicate with its employees in a structured open manner, including regular briefings and dissemination of relevant information on the company.

Employees are informed of production levels and the relative production performance. Similarly, they are kept informed of any factor affecting the company and the industry generally.

Engagement with suppliers, customers and others

The company engages with its suppliers, customers and other stakeholders as set out in the S172 report for the year on page 4.

Disabled employees

The company gives full consideration to employment applications by disabled persons where they can adequately fulfil the requirements of the position. If necessary, we endeavour to retrain any employee who becomes disabled during their period of employment with the company.

Matters covered in the strategic report

The strategic report, which contains a review of the company's business, a description of the principal risks and uncertainties facing the company and commentary on the likely future developments, is set out on pages 1 to 5.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

The Directors consider the impacts of the current situation in Ukraine to be unclear at present, but continue to closely monitor the potential impacts upon the company, primarily with regards to energy availability and pricing. The Directors consider the situation a non-adjusting event.

Independent auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

CNC Speedwell Limited

**Directors' report (continued)
For the Year Ended 31 March 2022**

This report was approved by the board on 15 June 2022 and signed on its behalf.



S J Mant
Director

Independent auditors' report to the members of CNC Speedwell Limited

Opinion

We have audited the financial statements of CNC Speedwell Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss 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 United Kingdom, including the Financial Reporting Council'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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material

CNC Speedwell Limited

Independent auditors' report to the members of CNC Speedwell Limited (continued)

misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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 Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of CNC Speedwell Limited (continued)

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 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 the financial statements.

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

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.

Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

CNC Speedwell Limited

Independent auditors' report to the members of CNC Speedwell Limited (continued)

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. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Louis Burns

Louis Burns (Senior statutory auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 15 June 2022

CNC Speedwell Limited

**Statement of comprehensive income
For the Year Ended 31 March 2022**

	Note	2022 £	2021 £
Turnover	3	22,470,055	18,309,497
Cost of sales		(19,960,645)	(18,754,714)
Gross profit/(loss)		2,509,410	(445,217)
Administrative expenses		(3,458,288)	(3,222,087)
Other operating income	4	54,804	1,412,360
Operating loss	5	(894,074)	(2,254,944)
Tax on loss	9	(412,181)	546,601
Loss for the financial year		(1,306,255)	(1,708,343)

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £NIL).

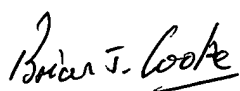
The notes on pages 17 to 29 form part of these financial statements.

CNC Speedwell Limited
Registered number: 3124721

Statement of financial position
As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	20,922,058	23,762,939
		<u>20,922,058</u>	<u>23,762,939</u>
Current assets			
Stocks	11	266,234	447,243
Debtors: amounts falling due within one year	12	5,316,957	4,366,478
Cash at bank and in hand	13	235,588	218,835
		<u>5,818,779</u>	<u>5,032,556</u>
Creditors: amounts falling due within one year	14	(4,612,383)	(5,949,609)
Net current assets/(liabilities)		<u>1,206,396</u>	<u>(917,053)</u>
Total assets less current liabilities		<u>22,128,454</u>	<u>22,845,886</u>
Provisions for liabilities			
Deferred taxation	15	(2,364,281)	(1,775,458)
		<u>(2,364,281)</u>	<u>(1,775,458)</u>
Net assets		<u><u>19,764,173</u></u>	<u><u>21,070,428</u></u>
Capital and reserves			
Called up share capital	16	2	2
Other reserves	17	840,119	840,119
Profit and loss account	17	18,924,052	20,230,307
		<u>19,764,173</u>	<u>21,070,428</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 June 2022.



B J Cooke
Director



S J Mant
Director

The notes on pages 17 to 29 form part of these financial statements.

CNC Speedwell Limited

**Statement of changes in equity
For the Year Ended 31 March 2022**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	2	840,119	21,938,650	22,778,771
Comprehensive income for the year				
Loss for the financial year	-	-	(1,708,343)	(1,708,343)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(1,708,343)	(1,708,343)
Total transactions with owners	-	-	-	-
At 31 March 2021 and 1 April 2021	2	840,119	20,230,307	21,070,428
Comprehensive expense for the year				
Loss for the financial year	-	-	(1,306,255)	(1,306,255)
Total comprehensive expense for the year	-	-	-	-
Total comprehensive expense for the year	-	-	(1,306,255)	(1,306,255)
Total transactions with owners	-	-	-	-
At 31 March 2022	2	840,119	18,924,052	19,764,173

The notes on pages 17 to 29 form part of these financial statements.

**Notes to the financial statements
For the Year Ended 31 March 2022**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements have been prepared on the going concern basis.

The directors assessment of going concern included a review of the financial forecasts and financial instruments for a three year period in order to assess the future funding requirements for the company and compare this to the level of funding available.

The directors considered a range of potential scenarios including an assessment of the impacts of COVID-19 on future demand within the key markets the group serves and how these may impact on cash flow. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors also considered what mitigating actions the company could take to limit any adverse consequences.

After making these enquiries, the directors have a reasonable expectation that the company, with the ongoing support of the parent company, has adequate resources to continue operations and meet its liabilities as they fall due for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The presentational currency used is sterling.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Castings plc.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Castings plc. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value);
- Impairment of assets; and
- Greenhouse gas emissions, energy consumption and energy efficiency as set out in section 415(2) of the Companies Act 2006 under exemptions set out in paragraph 20A. This information is disclosed within the group energy and carbon report prepared by the parent company, Castings plc.

**Notes to the financial statements
For the Year Ended 31 March 2022**

1. Accounting policies (continued)

1.1 Basis of preparation of financial statements (continued)

The financial statements of Castings plc can be obtained as described in note 20.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Government grant income

Government grants received during the year relate solely to the use of the Coronavirus Job Retention Scheme. There were no conditions to the grants received which were not fulfilled.

Grants received are presented as other income in the income statement in the period the costs were incurred which the grants were obtained in relation to.

1.3 Revenue

Revenue is measured at the fair value of 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. Revenue from the sale of goods relates to the sale of castings. Revenue from the sale of services relates to machining and minor assembly work performed on a subcontract basis for external customers. Revenue is recognised once the performance obligation has been met. This is deemed to be when the goods and services have been collected by, or delivered to, the customer in accordance with the agreed delivery terms.

1.4 Pensions

Where there is no contractual agreement or stated policy for charging individual members for the group net defined benefit cost that is measured in accordance with IAS 19 Employee Benefits, the entity (which is not legally the sponsoring employer of the group) recognises a cost equal to its contribution payable for the period.

Contributions to defined contribution pension schemes are charged to the income statement as they become payable.

1.5 Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation.

**Notes to the financial statements
For the Year Ended 31 March 2022**

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, other than assets in the course of construction, using the straight-line method.

Depreciation is provided on the following basis:

Building Improvements	- 10%
Plant & machinery	- 6.7% - 33.3%

Depreciation on plant and machinery commences when the asset is available for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of comprehensive income.

1.6 Stocks

Stocks are valued at the lower of cost on a first in, first out basis and net realisable value. Cost includes a proportion of production overheads based on normal levels of activity. Provision is made for obsolete and slow-moving items.

1.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits at call with banks with original maturities of three months or less from inception.

1.8 Foreign currencies

Assets and liabilities in foreign currencies are translated at the spot rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction; all differences are dealt with through the statement of comprehensive income.

1.9 Financial instruments

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the company's accounting policy for each category is as follows:

**Notes to the financial statements
For the Year Ended 31 March 2022**

1. Accounting policies (continued)

1.9 Financial instruments (continued)

Amortised cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods or services to customers (e.g trade receivables) and deposits held at banks and building societies, but may incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivable is assessed. Where specific receivables are known to be 'bad' or it becomes apparent that payment is 'doubtful' then a credit loss allowance of 100% is applied. 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 deposit or receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities measured at amortised cost

Financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value is calculated by discounting estimated future cash flows using a market rate of interest.

Share capital

The company's ordinary shares are classified as equity instruments. Share capital includes the nominal value of the shares and any share premium attaching to the shares.

1.10 Current and deferred taxation

Deferred tax is provided using the liability method. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the actual tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax is provided for on the taxable profits of each company in the group, using current tax rates and legislation that has been enacted or substantively enacted by the balance sheet date.

**Notes to the financial statements
For the Year Ended 31 March 2022**

2. Critical accounting estimates and judgements

The company makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Turnover

The whole of the turnover is attributable to machining.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	22,017,304	17,883,284
Rest of Europe	452,751	426,213
	22,470,055	18,309,497

4. Other operating income

	2022 £	2021 £
CJRS grant income	54,804	1,412,360
	54,804	1,412,360

Grants received relate entirely to claims made under the Coronavirus Job Retention Scheme. There are no conditions attached to the grants received which are not fulfilled.

CNC Speedwell Limited

**Notes to the financial statements
For the Year Ended 31 March 2022**

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Foreign exchange gains	(2,965)	(26,325)
Depreciation of tangible fixed assets	3,810,607	4,219,746
Staff costs (see note 7)	10,977,473	10,020,330
Defined contribution pension cost	319,165	292,757
Cost of stocks recognised as an expense	958,750	809,036
Government grants	(54,804)	(1,412,360)

6. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	13,500	13,500

No non audit services have been provided by the Company's auditor.

CNC Speedwell Limited

**Notes to the financial statements
For the Year Ended 31 March 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	9,980,696	9,128,729
Social security costs	996,777	891,601
Other pension costs	319,165	292,757
	<u>11,296,638</u>	<u>10,313,087</u>

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

	2022 No.	2021 No.
Production	304	293
Management and administration	47	46
	<u>351</u>	<u>339</u>

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	418,374	484,382
Company contributions to defined contribution pension schemes	24,298	22,716
	<u>442,672</u>	<u>507,098</u>

During the year retirement benefits were accruing to 4 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £157,443 (2021 - £154,359).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,726 (2021 - £7,329).

CNC Speedwell Limited

Notes to the financial statements
For the Year Ended 31 March 2022

9. Tax on loss

	2022 £	2021 £
Corporation tax		
Adjustments in respect of prior periods	(23,955)	(153,928)
	<u>(23,955)</u>	<u>(153,928)</u>
Group taxation relief	(152,687)	(411,830)
	<u>(176,642)</u>	<u>(565,758)</u>
Total current tax	<u>(176,642)</u>	<u>(565,758)</u>
Deferred tax		
Origination and reversal of timing differences	32,205	22,280
Changes to tax rates	559,697	-
Adjustment in respect of prior periods	(3,079)	(3,123)
	<u>588,823</u>	<u>19,157</u>
Total deferred tax	<u>588,823</u>	<u>19,157</u>
Taxation on loss on ordinary activities	<u><u>412,181</u></u>	<u><u>(546,601)</u></u>

CNC Speedwell Limited

Notes to the financial statements
For the Year Ended 31 March 2022

9. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(894,074)	(2,254,944)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(169,874)	(428,439)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	220,055	52,989
Adjustments in respect of prior periods	(45,009)	(171,151)
Group relief	(152,687)	-
Change in rate of future tax	559,696	-
Total tax charge / (credit) for the year	412,181	(546,601)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 on 24 May 2021, the applicable main rate increasing from the current level of 19% to 25% from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

CNC Speedwell Limited

**Notes to the financial statements
For the Year Ended 31 March 2022**

10. Tangible assets

	Building improve- ments £	Plant & machinery £	Total £
Cost or valuation			
At 1 April 2021	5,188,796	63,287,185	68,475,981
Additions	-	991,423	991,423
Disposals	-	(48,427)	(48,427)
At 31 March 2022	<u>5,188,796</u>	<u>64,230,181</u>	<u>69,418,977</u>
Depreciation			
At 1 April 2021	3,511,112	41,201,930	44,713,042
Charge for the year on owned assets	394,119	3,416,488	3,810,607
Disposals	-	(26,730)	(26,730)
At 31 March 2022	<u>3,905,231</u>	<u>44,591,688</u>	<u>48,496,919</u>
Net book value			
At 31 March 2022	<u>1,283,565</u>	<u>19,638,493</u>	<u>20,922,058</u>
At 31 March 2021	<u>1,677,684</u>	<u>22,085,255</u>	<u>23,762,939</u>

Included within plant and machinery are assets not fully in production with a net book value of £1,148,611 (2021 - £1,835,563) which are not being depreciated.

11. Stocks

	2022 £	2021 £
Raw materials and consumables	72,591	101,203
Finished goods and goods for resale	193,643	346,040
	<u>266,234</u>	<u>447,243</u>

Stocks are net of impairment provisions of £387,749 (2021 - £343,333).

CNC Speedwell Limited

**Notes to the financial statements
For the Year Ended 31 March 2022**

12. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	781,573	879,822
Amounts owed by group undertakings	2,171,954	1,437,960
Other debtors	72,030	48,075
Prepayments and accrued income	2,291,400	2,000,621
	<u>5,316,957</u>	<u>4,366,478</u>

Trade debtors are net of impairment provisions of £43,784 (2021 - £16,932).

Amounts owed by group undertakings are interest free with no fixed repayment terms.

13. Cash at bank and in hand

	2022 £	2021 £
Cash at bank and in hand	<u>235,588</u>	<u>218,835</u>

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,163,461	1,232,173
Amounts owed to group undertakings	-	1,967,392
Other taxation and social security	756,891	605,944
Accruals and deferred income	2,692,031	2,144,100
	<u>4,612,383</u>	<u>5,949,609</u>

Amounts owed to group undertakings are interest free with no fixed repayment terms.

CNC Speedwell Limited

**Notes to the financial statements
For the Year Ended 31 March 2022**

15. Deferred taxation

	2022 £	2021 £
At beginning of year	(1,775,458)	(1,756,301)
Charged to profit or loss	(588,823)	(19,157)
At end of year	(2,364,281)	(1,775,458)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(2,364,281)	(1,775,458)

16. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares of £1.00 each	2	2

17. Reserves

Other reserves

The other reserve relates to a capital contribution from the parent company which has no fixed repayment terms and on which no interest is payable.

Profit & loss account

The profit and loss account represents the cumulative net gains and losses recognised in the statement of comprehensive income.

18. Capital commitments and contingencies

At 31 March 2022 the company had capital commitments of £424,449 (2021: £749,981).

The company does not insure against the potential cost of product warranty or recall. Accordingly, there is always the possibility of claims against the company for quality related issues on parts supplied to customers. As at 31 March 2022, the directors do not consider any significant liability will arise in respect of any such claims (2021 - £nil).

**Notes to the financial statements
For the Year Ended 31 March 2022**

19. Pension commitments

Contributions to the defined benefit schemes by the company are based on professional and independent actuarial advice. During the year the contributions payable by the company to the defined benefit pension schemes were £nil (2021 - £nil). Full disclosures on the group's defined benefit pension schemes are given in the group financial statements for Castings plc for the year ended 31 March 2022.

During the year the contributions payable by the company to the defined contribution schemes were £319,165 (2021 - £292,757).

20. Controlling party

The immediate and ultimate holding company is Castings plc, a company incorporated in Great Britain. Copies of the consolidated financial statements are available from Companies House.

The significant shareholdings in Castings plc are shown in that company's financial statements.

The company has taken advantage of the exemption conferred by FRS 101 not to disclose transactions undertaken with other wholly owned group companies.