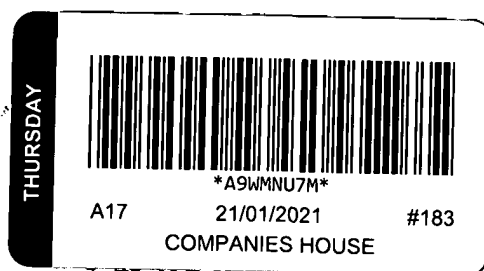


Company Registration Number 03249892

G-TEKT Europe Manufacturing Limited

Annual Report and Financial Statements

For the year ended 31 March 2020



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Company Information

Directors

N.Thomas

M.Ishikawa

T.Morishita

Secretary

Abogado Nominees Limited

100 New Bridge Street

London

EC4V 6JA

Auditor

KPMG LLP

66 Queen Square

Bristol

BS1 4BE

Registered Office

Gloucester Business Park

Golf Club Lane

Brockworth

Gloucester

GL3 4AJ

Banker

SMBC, London

HSBC, London

Solicitor

Baker & McKenzie LLP

100 New Bridge Street

London

EC4V 6JA

Strategic Report

Business Review

The business model of the company creates value by supplying car body parts to the major European car manufacturers, through the stages of product design, development and prototyping to mass production. Value is created by rapid new product introduction to meet customer new model timing plans, low cost manufacturing to achieve target prices, responsiveness to design changes, delivery and quality assurance, supplier selection, sourcing of low cost tooling, capital investment in state of the art technology. Effective production planning and management is also key to being able to consistently supply on a just-in-time basis to automotive manufacturers. Objectives are to secure replacement business from existing customers at end of model life, grow market share by winning new customers, and win additional business from existing customers. Because the automotive market is subject to fluctuations in demand, often at short notice, value is protected by being able to flex material, labour and overhead costs in line with changing market conditions. The business model also relies upon recruitment and retention of the necessary staff skills in each functional area.

In the 12 months ended 31 March 2020 sales were £145,005,000, compared to £140,064,000 for the year ended 31 March 2019. Sales of pressings, assemblies and sundry sales were £126,678,000 (2019: £98,926,000) with tooling and trial parts sales £18,327,000 (2019: £41,138,000).

Pre-tax profit was £18,424,000 for the year, compared to £21,260,000 for the prior year. Average manpower was 898 compared to 860 in the prior year.

In the year capital investment excluding IFRS 16 additions was £12,069,000 (2019: £16,271,000), largely on completing and equipping a second factory in Gloucester which is an addition to the continuing operation of sites in Gloucester, Ebbw Vale and Tredegar.

Results were affected late in the year by the Covid-19 pandemic, with customers stopping production of new cars due to parts shortages and lack of orders. Consequently the company halted production on March 20th and furloughed most direct and indirect workers, and used the government job retention scheme. The estimated impact up to 31 March was a loss of £3,500,000 sales and £875,000 loss of profit. During the stand-down the company sourced and supplied kits for a new airway pressure device to the NHS, to help keep patients out of intensive care, and bought and distributed PPE to local surgeries. Risk to the workforce was actively managed by wearing of PPE, home working where possible, sanitising and distancing measures, regular staff surveys and briefings to support wellbeing.

As reported in last years' accounts a large customer, Honda, is closing its Swindon factory in July 2021, with a significant loss of future income for the company. During the year the strategy of growing sales to other customers continued in order to mitigate this loss of business. The company has other large customers, which ensures that the business will remain a going concern following Honda closure. Current expectations are that no loss of major contracts with other customers will occur, but contingencies and alternative plans are continually considered.

During the year the share investment in G-TEKT Slovakia s.r.o. was unchanged, the paid up figure remaining at €5,560,000 (£4,952,000). The return on investment will result from the profitable supply of parts to automotive customers based in Europe, with production at G-TEKT Slovakia having commenced in 2019.

The bank balance increased by £1,676,000 in the period to £18,595,000 (2019: £9,901,000 decrease) due to profitability and a reduction in working capital.

At year end the stock value had decreased by £1,032,000 (15%) compared to 2019. This was mainly due to increasing the provision for obsolete and slow moving inventory, having revised the calculation method to give more detailed and accurate information by product type.

A review of non-financial key performance indicators ("KPIs") (such as percent on-time delivery and parts per million defect rates) shows that customer quality and delivery targets were met, with G-TEKT once again achieving "best class" status. Equipment uptime and product quality is continually monitored at every stage of the manufacturing process. Also customer expectations for annual cost reduction targets were met. Financial KPIs are the financial results as outlined in paragraph 2 of the business review section.

Strategic Report (continued)

No major quality concerns occurred in the year. There was one reportable health and safety incident in the year, with remedial action swiftly taken to prevent a reoccurrence. The policy of on time supplier payments continued in the year.

As in previous years the company is reporting under FRS101 Reduced Disclosure Framework, and has taken advantage of the disclosure exemptions allowed under this standard.

Future developments and going concern

The disruption from Covid-19 will adversely affect the 2020/21 year results, with a loss of sales during the April and May shutdown followed by lower customer demand levels than before the shutdown. As a manufacturer the company continued operating as normal during the new Covid restrictions introduced for November. Forecast sales for 2020/21 are £105,000,000, 28% down on 2019/2020. In determining the appropriate basis for the preparation of the accounts, the directors have considered whether the company can continue to operate as a going concern for the 12 months following these financial statements. The directors are strongly of the view that the business will continue as a going concern for reasons outlined in note 1 on page 17.

Directors' Duties and section 172

The directors of UK companies must act in accordance with a set of general duties, as detailed in section 172 of the Companies Act 2006, and must act in a way to promote the success of the company for the benefit of its stakeholders. In doing so they should have regard to the following.

- The likely consequences of decisions in the long term
- The interests of the employees
- The need to foster business relationships with suppliers, customers and others
- The impact of operations on the community and environment
- The desirability of having a reputation for high standards of business conduct
- The need to satisfy the interests of the shareholders

The following paragraphs outline some of the ways in which directors' fulfil their duties towards section 172:

Customer satisfaction

The company is committed to quality assurance to achieve zero defects and exceed customer expectations, and is certified to the TS16949 automotive quality standard. The aim of the standard is to drive continuous improvement in the company's operating system and process quality to increase customer satisfaction, identify problems and risks in the production process and supply chain, eliminate their causes and take corrective and preventive measures.

Employee interests

Employees are fundamental to success of the business, and the company is fair and reasonable in its approach to pay, benefits, and conditions of employment. Staff training, development and performance improvement is actively promoted, with health and safety a key area for investment. During the COVID-19 epidemic a weekly survey of employee health was made, and follow up support given as necessary. To protect employment a banked hours' system is operated to manage conditions of extreme demand fluctuation, with staff laid off on full pay in times of low demand and then repaying the hours through overtime banked in busy periods during the year.

Strategic Report (continued)

Engaging with the shareholder

An ongoing dialogue is maintained with the management of G-TEKT Corporation to ensure strategy and planning are aligned with their objectives, and monthly performance and operations are reported and reviewed.

Community and environment

Accreditation to the ISA 14001 environmental standard is maintained each year. Regarding community involvement, equipment was purchased and delivered to local surgeries in April to help address shortages in UK hospitals during the COVID-19 epidemic. Opportunities are continually sought to interact positively with the wider community, and enhance the company's reputation as a socially responsible organisation and large employer.

Long term impact of decisions

In making capital investment and manpower decisions the directors consider how they fit in with the annual operating plan and three year plan. Investment and capacity decisions must be made a long time ahead of new product introduction, as with long lead times for capital and tooling it is necessary to plan ahead and think strategically.

Supplier relations

Close working relationships are maintained with suppliers to communicate on matters such as new projects, cost levels, quality and delivery issues, product development, business processes. Thereby aligning supplier expertise with the changing requirements and demand levels faced by the business, and enabling customer expectations to be met by the supply chain.

Reputation for high standards of business conduct

The business is run in an ethical manner from the top down, with a focus on compliance with all legislation and the expectation of high standards of personal behaviour and performance from staff. During the 2020 pandemic the supply of medical equipment to the health service served to enhance the company's reputation as a socially responsible organisation.

Principal risks and uncertainties

The business, like all others, is exposed to a number of potential risks which if not properly controlled could materially affect long term results.

Customer concentration

The risk associated with having a high concentration of sales with a small number of customers remains, though ongoing efforts to widen the customer base have been successful in recent years.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Brexit

The European automotive industry has relied upon the frictionless movement of goods across borders for low cost just-in-time manufacturing. As a trade agreement between the UK and the EC has not been finalised, uncertainty remains about trade terms after the end of the Brexit transition period on 31st December. Less favourable terms could increase costs, delay parts movement and affect sales. The company has taken steps to ensure that customs clearance will continue for imported and exported parts, and has worked with key customers on contingency planning to minimise potential disruption.

Covid-19 crisis

The risk of contagious diseases which paralyse economic activity was evident during the Covid-19 outbreak in 2020. Such an event, and other 'force majeure' incidents like wars, natural disasters and acts of terrorism are outside of the control of the company and would be disruptive to continued operations. A robust health and safety regime is in place to control and manage the Covid-19 outbreak.

Foreign currency risk

Certain imports and exports are transacted in foreign currency with movements in exchange rates impacting on results. Where possible the company matches income and expenditure in the same currency. It also has commercial agreements in place to pass through to customers the effects of positive and negative exchange movements. For large capital equipment currency purchases the company can take out forward contracts to hedge the risk.

Commodity prices

The company's main purchase is steel, and to a lesser extent aluminium. Higher and lower metal prices can affect profitability, but to mitigate this economic agreements are in place with the main customers to pass through raw material cost increases and decreases into selling prices.

Wage inflation

Annual wage inflation impacts on profitability as there is limited opportunity to pass it through to automotive customers in higher selling prices. The work force is non-unionised and the rise in the Retail Price Index has been relatively low in recent years. However, higher inflation does fuel wage inflation pressure, with the need to pay competitive salaries to attract and retain staff.

Credit risk

The risk of non-payment by customers is not considered significant. Credit risk is controlled by carrying out commercial credit checks, application of standard payment terms and credit control activity to chase up overdue debts. Overall the directors are confident that the risk of payment default is low.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Inventory obsolescence risk

98% of finished product is made to order using a 'pull' system to bring in material based on customer schedules. However, because of customer demand changes there is still a risk of carrying material for which there is little or no future usage. Inventory is regularly reviewed and any obsolete or slow moving items are fully provided for in the year end accounts.

Energy and Carbon Report

In the year 4,247 tonnes of carbon dioxide emissions resulted from the company's activities through the consumption of electricity, gas and vehicle fuel. A total of 17,657,166 kilowatt hours of energy was used. This information was derived from the usage figures on energy supplier invoices, converted into kilowatt hours as necessary and into carbon dioxide emissions using conversion factors. As this is the first year of reporting no comparable figures for the previous financial year are disclosed. The ratio of annual carbon dioxide tonnes produced (4,247 tonnes) to annual sales of mass production products (£112,538,000) is used by the company to index energy usage to the level of business activity. In the year this ratio was 37.7, being the number of tonnes of CO2 produced per million of sales, with the aim of making reductions in future years.

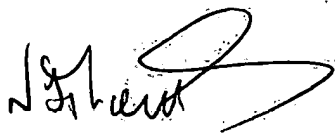
Methodologies used in calculation of disclosures

The Group reports on all of the Greenhouse Gas (GHG) emission sources as required under the Streamlined Energy and Carbon Reporting (SECR) legislation. The methodology used to calculate our GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the operational control approach on reporting boundaries, i.e. where the Group operates the facility or asset. Data has been calculated using BEIS 2019 emission factors for all relevant carbon streams. All emissions and energy usage is UK based.

An energy management committee is in place, meeting regularly to drive through energy efficiency initiatives. In the year the following actions were taken to improve efficiency:

- Ongoing evaluation of factory lighting at all sites and replacement with LED lighting.
- Reduction in the use of compressed air throughout all plants, resulting from improvements and upgrades to equipment and the monthly audit of compressed air leaks with follow up action to repair leaks.
- Tracking of energy consumed outside of normal working hours, with a robust power down cycle introduced to ensure machines and equipment are not left switched on at end of shift.
- Installation of car charging points and replacement of some petrol and diesel fleet cars with electric and hybrid models.

N.Thomas
Director



Gloucester Business Park
Golf Club Lane
Brockworth
Gloucestershire
GL3 4AJ

Date : 4 December 2020

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2020. The comparative period shown is for the year ended 31 March 2019.

Principal activities

The principal activities of the company continued to be design, manufacture and sale of pressed metal body parts for the automotive industry, and the supply of associated tooling.

Dividends paid

During the year the company declared and paid a dividend of £10,092,000 to its parent company G-TEKT Corporation (2019: £10,092,000).

Directors

The directors who held office during the year and up to the date of approval of the accounts were as follows:

Mitsuo Ishikawa
Nicholas Thomas
Taiichiro Morishita (appointed 1 April 2019)

Future Developments

As referenced in the Strategic Report page 4 the ongoing impact of the Covid pandemic continues to affect operations, and preparations are underway for the ending of the Honda supply contract in 2021.

Research and development

Product and process research and development continued in the year on a number of customer projects, and has served to improve existing products and processes within the business, without generating a specific identifiable asset. Expenditure on research and development in the year is shown in note 4 to the financial statements.

Important events since the end of the financial year

The directors have no significant matters to disclose.

Employee engagement and interests

Employees are recruited and promoted on an equal opportunity basis, without regard for gender, partnership status, race, creed or disability. Development and training of employees, together with an active program for multi-skilled apprentices, are seen as key to success.

As outlined in the Strategic report (page 4) the company engaged extensively with employees in the year. A regular communication briefing was introduced and circulated to all staff, to help create a common awareness of the business condition and performance. A weekly online employee survey was introduced to check on personal welfare during the Covid crisis and to provide support as necessary. Employees were consulted on the introduction of the banked hours scheme and given the opportunity to opt out if they wished.

Directors' Report (continued)

Political Donations

The company did not make any political donations (2019: £nil) or incur any political expenditure in the year (2019: £nil).

Engagement with suppliers, customers and others in a business relationship with the company

As referenced in the Strategic Report (pages 4 and 5) the directors continued to foster good ongoing relationships with suppliers, customers and others. Business decisions regarding recruitment, personnel policy, investment and production planning were guided by the best interests of stakeholders.

Director's Indemnity Insurance

In respect of those liabilities for which directors may need to be indemnified, the company maintained a Directors' and Officers' Liability insurance policy throughout the financial year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

N.Thomas
Director



Gloucester Business Park
Golf Club Lane
Brockworth
Gloucestershire
GL3 4AJ

Date : 4 December 2020

Statement of directors' responsibilities in respect of the Directors' Report, Strategic Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G-TEKT EUROPE MANUFACTURING LIMITED

Opinion

We have audited the financial statements of G-TEKT Europe Manufacturing Limited ("the company") for the year ended 31 March 2020 which comprise the Profit and loss account and other comprehensive income, balance sheet and statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G-TEKT EUROPE MANUFACTURING LIMITED (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G-TEKT EUROPE MANUFACTURING LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

NChrimes

Nathan Chrimes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4Be

Date : 4 December 2020

Profit and loss account and other comprehensive income
for the year ended 31 March 2020

		Year ended 31 March 2020	Year ended 31 March 2019
	Note	£000	£000
Turnover	3	145,005	140,064
Cost of sales		(108,136)	(101,523)
Gross profit		36,869	38,541
Distribution costs		(220)	(208)
Administrative expenses		(18,631)	(17,080)
Other operating income	9	146	146
Operating profit	4	18,164	21,399
Interest receivable and similar income	7	297	17
Interest payable and similar expenses	8	(37)	(156)
		260	(139)
Profit before taxation		18,424	21,260
Tax on profit	10	(3,716)	(4,085)
Profit after taxation and total comprehensive income		14,708	17,175

The result for the period has been derived from continuing operations and includes all recognised gains and losses arising in the year. The company had no other comprehensive income in either period.

The accompanying notes on pages 17 to 37 form part of the financial statements.

Balance Sheet
at 31 March 2020

		31 March 2020	31 March 2019
	Note	£000	£000
Fixed assets			
Tangible assets	11	61,847	54,648
Investments	12	4,952	4,952
Current assets			
Stock	13	5,725	6,757
Debtors (including £nil (2019: £nil) due after more than one year)	14	23,746	28,067
Cash at bank and in hand		18,595	16,919
		<u>48,066</u>	<u>51,743</u>
Creditors: amounts falling due within one year	15	<u>(17,161)</u>	<u>(18,405)</u>
Net current assets		<u>30,905</u>	<u>33,338</u>
Total assets less current liabilities		<u>97,704</u>	<u>92,938</u>
Creditors: amounts falling due after more than one year	16	(1,051)	(1,199)
Provisions for liabilities and charges	17	<u>(1,134)</u>	<u>(836)</u>
Net assets		<u>95,519</u>	<u>90,903</u>
Capital and reserves			
Called up share capital	20	12,014	12,014
Profit and loss account		83,505	78,889
Shareholders' funds		<u>95,519</u>	<u>90,903</u>

The accompanying notes on pages 17 to 37 form part of the financial statements.

These financial statements were approved by the board of directors on 4 December 2020 and were signed on its behalf by:

N.Thomas
Director



Company registration number: 3249892

Statement of Changes in Equity
for the year ended 31 March 2020

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 April 2018	12,014	71,806	83,820
Total comprehensive income for the period			
Profit for the financial period		17,175	17,175
Total comprehensive income for the period		17,175	17,175
Dividends	-	(10,092)	(10,092)
Balance as at 31 March 2019	12,014	78,889	90,903
Total comprehensive income for the period			
Profit for the financial period		14,708	14,708
Total comprehensive income for the period		14,708	14,708
Dividends	-	(10,092)	(10,092)
Balance as at 31 March 2020	12,014	83,505	95,519

Notes to the Accounts for the year ended 31 March 2020

1 Accounting policies

G-TEKT Europe Manufacturing is a private company limited by shares, incorporated and domiciled in England & Wales in the UK. The address of the registered office is Gloucester Business Park, Golf Club Lane, Brockworth, Gloucester GL3 4AJ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The presentational currency of these accounts is GBP. Amounts are presented in round thousands.

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

Exemptions are taken because the company is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation.

In these financial statements the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- A Cash Flow statement and related notes
- Comparative period reconciliations for share capital and tangible fixed assets
- Disclosures in respect of transactions with wholly owned subsidiaries which form part of the group
- Disclosures in respect of capital management
- The effects of new but not yet effective IFRSs
- Disclosures in respect of the compensation of Key Management Personnel

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

Going Concern

In determining the appropriate basis of preparation of financial statements the Directors are required to consider whether the company can continue in operational existence for at least 12 months from the date of approval of these financial statements.

The Directors consider that the going concern basis is appropriate for the following reasons:

- Cash flow forecasts have been prepared for a period longer than a 12 month period following the date of approval of these financial statements, which indicate that taking account of reasonable possible downsides, and the effect of COVID-19 on the operations and its financial resources, the company will have sufficient funds to meet its liabilities as they fall due for that period.
- Seven months trading has taken place since the start of the current fiscal year and the onset of the Covid-19 pandemic. This shows that while sales are 40% lower than the first half of the prior year, with no April and May production, the company remains profitable. At the date of signing these statements overall customer demand has recovered to 85% of pre-Covid 19 levels.
- A three year forecast was prepared, based on confirmed orders and latest customer build plans, and then discounted for a 40% fall in sales in order to stress test the company finances under a 'severe yet plausible' downside scenario. At this reduced activity level the resulting losses and cash outflow could be absorbed by the business and it could continue trading over that forecast period.

Notes (continued)

1 Accounting policies (continued)

Going Concern (continued)

- The bank balance at the end of September 2020 was £16,600,000 compared to £18,595,000 at the end of March, and liquidity is considered strong enough to meet liabilities as they fall due.
- The company has acted quickly to flex costs in line with the decrease in production and sales to protect cash flow. This has included cutting discretionary capital and revenue expenditure, and using the government Job Retention grant scheme. The number of employees has also been reduced from the 856 in March 2020 to 761 at end September 2020. This was achieved through not renewing short term contracts and not replacing leavers. The company is able to increase the workforce to meet expected demand as necessary.
- The impact on the company of the 4 week England lockdown from 2 November has not resulted in the closure of any of its manufacturing facilities, as it is exempt from closing since employees are unable to work from home.
- The company has an unused £6,500,000 short term loan facility with Sumitomo Mitsui Banking Corporation that it can draw upon in future. The scenarios above do not assume use of that facility.

Operating lease payments (policy applicable before 1 May 2019)

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Leases (policy applicable from 1 April 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. However, for the leases of equipment and cars the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Notes (continued)

1 Accounting policies (continued)

Leases (policy applicable from 1 January 2019) (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the re-measurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Previously the company classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. The impact of IFRS16 introduction was as follows:

- 1) Right-of-use assets of £1,167,000 were added (see note 11) in respect of lease liabilities at 31 March 2019, having been discounted to present value using a 3% bank borrowing rate, and depreciated by £389,000. A lease liability of £589,000 was in place at 31 March for these assets.
- 2) In the year £172,000 new leased assets were capitalised and £34,000 depreciation charged. A lease liability of £127,000 was in place at 31 March in respect of these assets. Leased assets capitalised in the year included cars, vending machines and fork lift trucks.

The total lease liability at year end was £716,000 (see note 15), being £589,000 for right-of-use assets and £127,000 for new assets (as explained above).

Notes (continued)

1 Accounting Policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

Foreign Currency

Transactions in foreign currencies are translated into pounds sterling at the exchange rate ruling at the time of the transaction. Monetary assets denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the exchange rates prevailing on that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised at transaction price less attributable transaction costs. Trade and other creditors are recognised at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any bad debt impairment losses in the case of trade debtors. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL (Expected Credit Loss), being the loss that results from all possible events over the expected life of the asset, in accordance with the requirements of International Financial Reporting (IFRS 9)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in debt and equity securities

Investments in associates are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value. The gain or loss on measurement to fair value is recognised immediately in the profit and loss account. There were no such instruments in this accounting period.

Critical Accounting Policies

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Notes (continued)

1 Accounting Policies (continued)

Turnover

Turnover represents amounts receivable for the supply of manufactured vehicle components, including tooling, provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

The policy for the timing of revenue recognition has been arrived at by following a five stage process of identifying the contracts, identifying the performance obligations in contracts, determining the transaction prices, allocating the transaction prices to the performance obligations, and finally recognising revenue when the performance obligations have been satisfied.

Sales of pressed parts, assemblies, scrap and trial parts (as shown in note 3) are recognised in the P&L account when goods are despatched, which is deemed to be the point at which the performance obligation is satisfied and the contract is complete. Sales of tooling (as shown in note 3) are recognised in the P&L account when tools are complete, are approved by customers, and all performance obligations have been met.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings	-	10 to 50 years
Press and assembly equipment	-	8 to 15 years
Other plant and machinery	-	5 to 10 years
Fixtures, fittings, tools and equipment	-	2 to 10 years
Leased items in tangible fixed assets	-	Over the life of the lease

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

No depreciation is provided on freehold land.

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

Residual value is calculated on prices prevailing at the date of acquisition.

Notes (continued)

1 Accounting Policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment excluding stocks

Financial assets (including trade and other debtors) are reviewed at each year end reporting date to assess if they are impaired. Assets are impaired if evidence indicates that a loss event has occurred after the asset was recognised, having a negative effect on the estimated future cash flows of that asset. If this occurred the decrease in value would be reflected in the profit and loss account. However no such adjustments were deemed necessary as at 31 March 2019.

The carrying value of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss account.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss account. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL (Expected Credit Loss). When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Provisions

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

Taxation

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

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

Notes (continued)

1 Accounting Policies (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Research and development

Research and development expenditure is recognised in the Profit and Loss account as an expense as it is incurred, unless the development expenditure meets the criteria for capitalisation.

Employee Benefits

Defined contribution plans

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

The company operates two defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Government grants

Capital based government grants are credited in equal instalments to the profit and loss account over the estimated useful economic lives of the assets to which they relate, which varies from 10 to 25 years according to particular grants.

Notes (continued)

2 Accounting estimates and judgements

Certain critical accounting judgements in applying the Company's accounting policies are described below.

Tooling contract revenue and cost recognition

The timing of the recognition of tooling revenue and related costs is a critical judgement in respect of the financial statements. These sales and associated costs are recognised in the profit and loss account when all contract performance obligations have been met in accordance with IFRS15, with tools being complete and have been approved by customers. For tooling contracts in progress costs are only carried as an asset in the balance sheet if they are considered to be recoverable, and the forecast sales revenue exceeds the costs being carried.

Provisions

A provision is made when the company has an obligation as a result of a past event that will probably result in a future cost outlay when it arises. The timing and size of the future cost can be a matter of estimation.

Impairment of inventory

If there is no forecast usage for any parts in stock, or low usage is forecast, they are written down in value depending on whether they are classified as obsolete or slow moving. Impairing the value of inventory is an area of judgement. A revised method of assessing the value of such stock was introduced in the year to provide a more detailed calculation, based on the years on hand of raw materials, work in progress and finished stock.

3 Turnover from contracts with customers

Turnover was derived from the company's principal activities which were carried out largely in the UK:

	Year ended 31 March 2020 £000	Year ended 31 March 2019* £000
Major products/service lines		
Pressings, assembly manufacture, scrap, vending	126,678	98,926
Manufacture of press tooling and trial parts	18,327	41,138
	<u>145,005</u>	<u>140,064</u>
Primary geographical markets		
United Kingdom	134,676	128,111
Europe	9,661	11,205
Far East	668	748
	<u>145,005</u>	<u>140,064</u>
Timing of transfer of goods		
Products transferred at a point in time	145,005	140,064
Products transferred over time		
	<u>145,005</u>	<u>140,064</u>

Notes (continued)

3 Turnover from contracts with customers (continued)

Contract Balances

The following table provides information about opening and closing receivables, contract assets, and contract liabilities from contracts with customers.

	31 March 2020	31 March 2019
	£000	£000
Contract assets	10,115	5,107
Contract liabilities	1,591	1,419

The contract assets related to deferred expenditure on tooling contracts which were still in progress and not completed at the reporting date. The contract assets are transferred to cost of sales in the P&L account when all contract performance obligations have been met. These contract assets sit within the Prepayments and accrued income balance as presented in note 14.

The contract liabilities related to deferred sales income from tooling contracts which were still in progress and not completed at the reporting date. The contract liabilities are transferred to sales in the P&L account when all contract performance obligations have been met, and at the same time as the associated contract assets are transferred to the P&L account. These contract liabilities sit within the Accruals and deferred income balance as presented in note 15.

Movements in the contract assets and the contract liabilities during the period were as follows:

	Contract assets £000	Contract liabilities £000
Balance as at 1 April 2019	5,107	1,419
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(996)
Costs recognised that was included in the contract assets balance at the beginning of the period	(2,790)	-
Increases as a result of customer billings	-	1,168
Increases as a result of purchases from suppliers	7,798	-
Balance as at 31 March 2020	<u>10,115</u>	<u>1,591</u>

The contract liability of £1,591,000 at 31 March 2020 represents revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partly unsatisfied) at the reporting date.

Notes (continued)

4 Expenses and auditor remuneration

Included in the profit and loss account are the following:

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Depreciation (note 11)	6,037	3,374
Auditor's remuneration, including expenses:		
Audit of financial statements of the company pursuant to legislation	45	45
Taxation advisory services	13	15
Consultancy services	12	14
Other non-audit services	5	8
Taxation compliance services	42	29
Operating leases (note 19)	295	883
Research and development expenses as incurred	1,892	1,828

5 Directors' emoluments and staff costs

Directors' remuneration

Directors' remuneration was as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Emoluments	384	484
Performance related bonuses	2	12
Company contributions to money purchase pension schemes	13	13
	<u>399</u>	<u>509</u>

No retirement benefits were accruing to any of the directors (2019: Nil) under the money purchase pensions scheme.

Highest paid director

The highest paid director was paid £229,000 in the year (2019: £244,000).

Notes (continued)

6 Directors' emoluments and staff costs (*continued*)

Staff costs

The average number of employees (including executive directors) was:

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Production	827	786
Administration, sales and distribution	71	74
	<u>898</u>	<u>860</u>

Their aggregate remuneration comprises:

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Wages and salaries	24,802	22,220
Social security costs	2,143	1,947
Other pension costs (note 23)	666	574
	<u>27,611</u>	<u>24,741</u>

Notes (continued)

7 Interest receivable and similar income

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Interest receivable from bank deposits	18	17
Net foreign exchange gain	279	-
	<u>297</u>	<u>17</u>

8 Interest payable and similar expenses

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Other interest paid	37	3
Net foreign exchange losses	-	153
	<u>37</u>	<u>156</u>

9 Other operating income

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
Amortisation of government grants	146	146
	<u>146</u>	<u>146</u>

Notes (continued)

10 Taxation

Analysis of charge in year

	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	3,813	4,302
R & D credit	(227)	(219)
Adjustments in respect of previous years	(168)	70
	<u>3,418</u>	<u>4,153</u>
Deferred tax (see note 17)		
Origination and reversal of timing differences	53	(6)
Adjustments in respect of prior periods	245	(62)
	<u>298</u>	<u>(68)</u>
Tax on profit	<u>3,716</u>	<u>4,085</u>
<i>Reconciliation of effective tax rate</i>		
Profit for the year	14,708	17,175
Total tax expense	<u>3,716</u>	<u>4,085</u>
Profit excluding taxation	18,424	21,260
Tax using the UK corporation tax rate of 19% (2019: 19%)	3,500	4,039
<i>Effects of:</i>		
Depreciation on ineligible fixed assets	213	197
Expenses not deductible for tax purposes	111	17
R&D expenditure credit	43	(178)
Adjustments to tax charge in respect of previous periods	(151)	9
Impact of change in tax rate		1
Total tax charge	<u>3,716</u>	<u>4,085</u>

A reduction in the UK corporation tax from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2018) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017 but was cancelled by the Chancellor in March 2020. Deferred tax balances recognised at 31st March 2020 have been calculated based on 19%.

Notes (continued)

11 Tangible fixed assets

	Land and buildings	Press and assembly equipment	Other plant and machinery	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	50,602	56,786	4,823	676	112,887
Recognition of right-of- use assets on initial application of IFRS16 (see note 20)	-	-	1,167	-	1,167
Additions	3,203	7,869	557	440	12,069
At end of year	53,805	64,655	6,547	1,116	126,123
Depreciation					
At beginning of year	9,730	45,706	2,305	498	58,239
Recognition of right-of- use assets on initial application of IFRS16 (see note 20)	-	-	389	-	389
Charge for year	1,279	3,545	666	158	5,648
At end of year	11,009	49,251	3,360	656	64,276
Net book value					
At 31 March 2020	42,796	15,404	3,187	460	61,847
At 31 March 2019	40,872	11,080	2,518	178	54,648

Notes (continued)

11 Tangible fixed assets (continued)

Right-of-use assets

At 31 March 2020 'Other plant and machinery' includes right-of-use assets as follows:

	Land and buildings	Press and assembly equipment	Other plant and machinery	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000	£000	£000
Cost					
At end of year	-	-	1,339	-	1,339
Depreciation					
At end of year	-	-	423	-	423
Net book value					
At 31 March 2020	-	-	916	-	916

12 Investments

	Shares in group undertakings £000
Cost and net book value	
Balance at 1 April 2019	4,952
Additions	-
Balance at 31 March 2020	4,952

The company has the following investments in associates:

Cost and net book value	Registered office address	Class of shares held	Ownership	
			2020	2019
G-TEKT Slovakia	Na Pasienkoch 9, 949 01 Nitra, Slovak Republic	Ordinary	20%	20%

During the year G-TEKT Europe Manufacturing Europe Limited made no further investment in G-TEKT Slovakia, with investment to date remaining at €5,560,000 (£4,952,000), which is 20% of the total share capital of €28,000,000. The other 80% is owned by G-TEKT Corporation, Japan. Shares in G-TEKT Slovakia are fully subscribed, with no further cash calls due.

Notes (continued)

13 Stocks

	31 March 2020	31 March 2019
	£000	£000
Raw materials and consumables	2,362	3,498
Work in progress	2,806	2,698
Finished goods	557	561
	<u>5,725</u>	<u>6,757</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £76,099,000 (2019: £58,485,000). The write-down of stocks to net realisable value was £nil in the period (2019: £nil.)

14 Debtors

	31 March 2020	31 March 2019
	£000	£000
Trade debtors	11,485	18,743
Amounts owed by group undertakings (note 22)	1,816	4,072
Prepayments and accrued income	10,445	5,252
	<u>23,746</u>	<u>28,067</u>
Due within one year	23,746	28,067
Due after more than one year	<u>23,746</u>	<u>28,067</u>

Amounts owed by group undertakings are trading balances on payment terms of 30 days end of month

Notes (continued)

15 Creditors: amounts falling due within one year

	31 March 2020	31 March 2019
	£000	£000
Trade creditors	3,909	5,895
Amounts owed to group undertakings (note 22)	626	1,935
Taxation and social security	1,840	2,591
Government grants	146	146
Corporation tax	1,737	1,761
Finance lease liabilities (see note 19)	716	9
Accruals and deferred income	8,187	6,068
	<u>17,161</u>	<u>18,405</u>

Amounts owed to group undertakings are trading balances on payment terms of 30 days end of month

Government grants are released to the P&L over the estimated useful life of the assets to which they relate. The amount released to the P&L account in the year ending 31 March 2020 was £146,000 (2019: £146,000). Grant income to be released to profit and loss in the next 12 months is included in the table above, and the amount to be released after one year is included in note 16.

16 Creditors: amounts falling due after one year

	31 March 2020	31 March 2019
	£000	£000
Government grants	1,051	1,199
	<u>1,051</u>	<u>1,199</u>

17 Deferred taxation

	31 March 2020	31 March 2019
	£000	£000
The company's liability in respect of deferred taxation is as follows:		
Accelerated capital allowances	1,182	844
Short term timing differences	<u>(48)</u>	<u>(8)</u>
	<u>1,134</u>	<u>836</u>
Deferred tax provision brought forward	836	904
Deferred tax charge/ (credit) in the profit and loss account (see note 10)	298	(68)
Effect of change in tax on opening balances	<u>-</u>	<u>-</u>
Deferred tax provision carried forward	<u>1,134</u>	<u>836</u>

Notes (continued)

18 Capital commitments

Capital expenditure sanctioned by the Directors as at 31 March 2020 but not provided for within these accounts was £556,000 (2019 : £7,253,000)

19 Leases as a lessee (IFRS16)

Right-of-use assets

Right-of-use assets (see note 11) are presented as property, plant and equipment (see note 11)

	Land and buildings	Press and assembly equipment	Other plant and machinery	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000	£000	£000
Balance as 1 April 2019	-	-	-	-	-
Additions to right-of-use assets	-	-	1,339	-	1,339
Depreciation charge for year	-	-	423	-	423
Balance at 31 March 2020	-	-	916	-	916

Amounts recognised in profit or loss:

The following amounts have been recognised in profit or loss for which the company is a lessee:

2020- Leases under IFRS 16	£000
Interest expense on lease liabilities	36
Expenses relating to short-term leases	295
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	-
2019- Operating leases under IAS17	£000
Lease expense	883

Notes (continued)

20 Called up equity share capital

	31 March 2020	31 March 2019
	£000	£000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each 12,014,022 (2019: 12,014,022)	<u>12,014</u>	<u>12,014</u>

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

21 Related Party Transactions

Controlling parties

G-TEKT Europe Manufacturing Limited is a wholly owned subsidiary of G-TEKT Corporation, a company incorporated in Japan. The registered office of G-TEKT Corporation is Omiy a JP Building 18F, 1-11-20, Sakuragi-cho, Omiy a-ku, Saitama-city, Saitama-Pref. 0330-0854, Japan. Honda Japan owned 30.04% of the share capital of G-TEKT Corporation at 31 March 2020.

Honda companies are related parties because Honda partly owns the parent company G-TEKT Corporation. G-TEKT Corporation is a related party because it wholly owns G-TEKT Europe Manufacturing Limited. G-TEKT Thailand is a related party because it is part of the same group and is owned by G-TEKT Corporation, as is Jefferson Industries Inc. G-TEKT Slovakia is a related party because it is 80% owned by G-TEKT Corporation and 20% by G-TEKT Europe Manufacturing Limited (as disclosed in note 12).

Sales by G-TEKT Europe Manufacturing Limited

Related party transactions during the year:

	Tooling or component sales		Group recharges	
	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
G-TEKT Corporation	13	22	18	12
G-TEKT Thailand	3	5	-	-
G-TEKT Slovakia	-	-	587	477
Honda UK	27,666	43,271	-	-
Honda Logistics / Honda Trading	275	252	-	-
Total related party transactions	<u>27,957</u>	<u>43,550</u>	<u>605</u>	<u>489</u>

Notes (continued)

Related Party Transactions (Continued)

Purchases by G-TEKT Europe Manufacturing Limited				
	Tooling, capital or component purchases		Group recharges	
	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Honda	12,327	24,729	-	-
G-TEKT Thailand	-	134	-	-
G-TEKT Slovakia	-	-	4	-
G-TEKT Deutschland	-	-	2	-
Jefferson Industries	-	26	-	-
G-TEKT Corporation	2,675	4,604	283	330
Total related party transactions	15,002	29,493	289	330

Recharges to G-TEKT Europe Manufacturing Limited from G-TEKT Corporation relate to employee salaries.

Year end balances

Total amounts due from, and payable to, related parties are disclosed in notes 14 and 15 of these accounts as follows:

	31 March 2020 £000	31 March 2019 £000
<i>Amounts due from:</i>		
Subsidiaries within the Honda Group	1,789	4,072
Subsidiaries within the G-TEKT group	27	-
Total	1,816	4,072
<i>Amounts payable to:</i>		
Subsidiaries within the G-TEKT Group	456	319
Subsidiaries within the Honda Group	170	1,616
Total	626	1,935

Notes (*continued*)

22 Employee benefits

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £337,000 (2019 £348,000). The company operates a second defined contribution scheme (NEST) to fulfil its obligations under auto enrolment legislation. Contributions to this scheme in the year were £329,000 (2019: £228,000).

23 Ultimate parent company

The immediate and ultimate parent company is G-TEKT Corporation, a company incorporated in Japan and listed on the Japanese stock exchange. A copy of the group accounts can be obtained from that company's registered office at G-TEKT Corporation, Omiya JP Building 18F, 1-11-20, Sakuragi-cho, Omiya-ku, Saitama-city, Saitama-Pref.0330-0854 Japan.