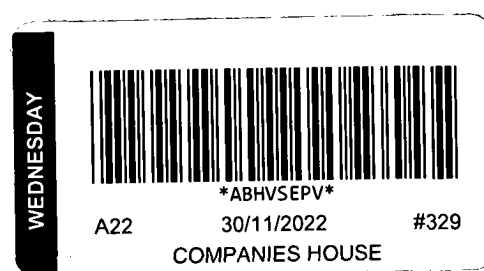


Company Registration Number 03249892

G-TEKT Europe Manufacturing Limited

Annual Report and Financial Statements

For the year ended 31 March 2022



Contents	Page
Company information	2
Strategic Report	3
Directors' Report	8
Statement of director's responsibilities	11
Independent Auditor's Report to the members of G-TEKT Europe Manufacturing Limited	12
Profit and loss account and other comprehensive income	16
Balance sheet	17
Statement of changes in equity	18
Notes to the accounts	19

Company Information

Directors

N.Thomas

Y.Suzuki

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

The directors present their annual report on the affairs of the company, along with the financial statements for the year ending 31 March 2022.

Principal activities and business model

The principal activities of the company remain the stamping and sub-assembly of metal body parts for motor vehicles, and supply of associated tooling. The business model creates value in each stage of the product cycle from design, development and prototyping to mass production. Value is created by developing products to meet customer 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 the latest technology. Effective production planning and management is key to consistent supply on a just-in-time basis to automotive manufacturers. Objectives are to secure new and replacement business from existing customers, and grow market share by winning new customers. Because car manufacturing is subject to fluctuations in demand, often at short notice, value is protected by being able to flex material, labour and variable costs in line with changing conditions. The business model also relies upon recruitment and retention of necessary staff skills in each functional area.

Business Review

In a difficult year for the automotive market, UK and European car production was at a reduced level due to a world shortage of semiconductors which impacted on vehicle build volumes and delayed the introduction of new models. Shipping delays with Far East imports and the ongoing impact of Covid and Brexit on labour availability also presented challenges. In addition sales were affected by the end of a major contract with Honda in July, following closure of their UK manufacturing plant. On a positive note significant steps were taken towards winning replacement business and new customers, and with realigning the organisation and cost base to the reduced production volume.

In the 12 months ended 31 March 2022 revenue from contracts with customers decreased to £104,585,000 compared with £109,718,000 for the prior year of which mass production sales (see note 3) were £79,822,000 (2021: £95,528,000). This reduction in mass production revenue was due to the reduced customer demand as explained above, however this was substantially negated by the increase in tooling and trial part sales £24,763,000 (2021: £14,190,000).

Additionally, the company received compensation for early termination of contract £10,585,000 (2021: £6,324,000).

This compensation together with increased operating margins led to an increase in pre-tax profit of £25,526,000 for the year, compared to £18,499,000 in the prior year. Average manpower was 596 compared to 791 in the prior year.

In the year capital investment was £1,337,000 (2021: £4,080,000), mainly on production cells for new customer programs.

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 is derived 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 £7,407,000 in the year to £36,787,000 (2021: £10,785,000 increase) due to profitability.

The year-end stock value was £5,460,000, £266,000 higher than prior year due to a new customer program starting up.

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 outlined in the business review on page 3, which exceeded budget expectations.

No major quality concerns occurred in the year. There were no reportable health and safety incidents in the year. The policy of on time supplier payments continued in the year. As in previous years the company is reporting under

Strategic Report (continued)

Business Review (continued)

FRS101 Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard.

Future developments and going concern

Sales in 2022/23 continue to be affected by the world shortage of semiconductors, resulting in the reduced volume of cars that can be built. See further considerations in the Directors' Report.

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 19. For post balance sheet events, see note 24.

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. Employee welfare surveys are issued regularly and follow up support given as necessary. To protect earnings a banked hours' system is operated to manage conditions of extreme demand fluctuation, so that staff can bank overtime hours worked in busy periods and draw upon them to supplement pay during layoff periods of low demand.

Strategic Report (continued)

Directors' Duties and section 172 (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 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. Interaction with local schools takes place each year to provide work experience placements for pupils.

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 the three year plan. Investment and capacity decisions are made well in advance of new product introduction, as with long lead times for capital and tooling it is necessary to plan and think strategically. The long-term viability of the business underpins decision making by the directors.

Supplier relations

Close working relationships are maintained with suppliers, with communication on matters including new projects, cost levels, quality and delivery issues, product development, business processes. Thereby aligning supplier expertise with the changing requirements and demand levels of 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 employees. During the Covid pandemic the supply of medical equipment to the health service enhanced the company's reputation as a socially responsible organisation.

Strategic Report (continued)

Principal risks and uncertainties

The business, like all others, is exposed to potential risks which if not properly controlled could materially affect long term results. These are set out below.

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.

Business Interruption

The risk of a contagious disease outbreak, disrupting economic activity, is evident. Such an event, and other 'force majeure' incidents like wars, natural disasters and acts of terrorism are outside of the control of the company but would potentially be damaging to continued operations. A robust health and safety regime is followed to protect staff in the event of an epidemic, and business continuity procedures are in place to respond to disruptive events.

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 risk economic agreements are in place with the main customers to pass through the impact of commodities price changes into selling prices.

Wage and overhead inflation

Annual wage and overhead inflation can reduce 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 high recently. Inflation puts pressure on pay rates, with the need to pay competitive salaries to attract and retain staff.

While the company actively manages its energy sourcing to ensure it pays the lowest possible prices, to mitigate increasing energy prices GTEM will install 2x1mw Solar Arrays into its Gloucester facilities in October 2022. For the P4 facility it is expected to achieve 50% energy reduction with 80% carbon offsetting, For the P1 Facility 25%. The investment significantly contributes to our Net Zero Targets.

Strategic Report (continued)

Principal risks and uncertainties (continued)

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.

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 a risk of carrying material for which there is little or no future usage and which will need to be written down in value. Inventory is regularly reviewed and the value of obsolete or slow-moving stock is fully provided for in the year end accounts.



N. Thomas
Director

Gloucester Business Park
Golf Club Lane
Brockworth
Gloucestershire
GL3 4AJ

Date : 15 November 2022

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2022. The comparative period shown is for the year ended 31 March 2021.

Dividends paid

During the year the company declared and paid a dividend of £10,091,778 to its parent company G-TEKT Corporation (2021: £5,045,889).

Directors

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

Taiichiro Morishita
Nicholas Thomas
Yoshitaka Suzuki (appointed 1 April 2021)

Future Developments

It is expected that supply chain difficulties with semiconductor supply will not ease until late 2022. However all customers indicate that there will be a full production recovery once supply becomes available, with a high level of demand to address the backlog of orders for new cars. For post balance sheet events, see note 24.

GTEM continue to leverage its strong sustainability position and as such have engaged with business relationships with two new automotive OEM's within the UK and Europe with anticipated business start up in early 2023

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. R&D activities focus on green energy and battery related products. 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

For post balance sheet events, see note 24.

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. Regular communication briefings are circulated to all staff, to help create a common awareness of the business condition and performance and to notify staff of significant events and changes to working practices.

Directors' Report (continued)

Political Donations

The company did not make any political donations (2021: £nil) or incur any political expenditure in the year (2021: £nil).

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

As referenced in the Strategic Report 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.

Streamlined Energy and Carbon Reporting (SECR)

In the year 2,357 tonnes of carbon dioxide emissions resulted from the company's activities through the consumption of electricity, gas, vehicle fuel and overseas flights. (2021: 3,182 tonnes). A total of 11,183,011 kilowatt hours of energy was used (2021: 12,841,260). 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. The ratio of annual carbon dioxide tonnes produced (2,357 tonnes) to annual sales of mass production products (£77.3m) is used by the company to index energy usage with the level of business activity. In the year this ratio improved significantly to 30.5 (2021: 36.9), being the number of tonnes of CO₂ produced per million of mass production sales, with the aim of continuing to make year on year reductions to achieve the company's goal of net zero carbon emissions.

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

	Year ending 31 st March 2022	Year ending 31 st March 2021
Tonnes of CO2 emissions	2,357	3,182
Kilowatt hours of energy used	11,183,011	12,841,260
Mass production sales (£million)	77.3	86.3
Usage index	30.5	36.9

Methodologies used in calculation of disclosures

The Company 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 Company operates the facility or asset. Data has been calculated using BEIS 2019 emission factors for all relevant carbon streams. All emissions and energy usage are 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 and employee communication to mandate that machines and equipment in all areas of the business are not left switched on at end of shift.
- Installation of more car charging points and replacement of petrol and diesel fleet cars with electric and hybrid models.
- Installation of PV solar panels (as referred to in the strategic report) to power factories with renewable energy



N. Thomas
Director

Gloucester Business Park
Golf Club Lane
Brockworth
Gloucestershire
GL3 4AJ

Date : 15 November 2022

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 2022 which comprise the Profit and loss account and other comprehensive income, Balance Sheet, 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 2022 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to scrap revenue recognition because of the size of transactions in relation to materiality around the period end.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual account combinations to revenue and cash accounts.
- Cut-off testing to confirm revenue is recognized in the correct period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

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 11, 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.

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.

NChimes

Nathan Chrimes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
Date : 18 November 2022

Profit and loss account and other comprehensive income
for the year ended 31 March 2022

		Year ended 31 March 2022	Year ended 31 March 2021
	Note	£000	£000
Revenue from contracts with customers		104,585	109,718
Amounts receivable on termination of contract		10,585	6,324
Total Revenue	3	115,170	116,042
Cost of sales		(76,686)	(87,408)
Gross profit		38,484	28,634
Distribution costs		(87)	(95)
Administrative expenses		(13,041)	(13,686)
Other operating income	9	334	4,284
Operating profit	4	25,690	19,137
Interest receivable and similar income	7	8	28
Interest payable and similar expenses	8	(172)	(666)
		(164)	(638)
Profit before taxation		25,526	18,499
Tax on profit	10	(5,338)	(3,667)
Profit after taxation and total comprehensive income		20,188	14,832

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 19 to 40 form part of the financial statements.

Balance Sheet
at 31 March 2022

		31 March 2022	31 March 2021
	Note	£000	£000
Fixed assets			
Tangible assets	11	56,406	60,253
Investments	12	4,952	4,952
Current assets			
Stock	13	5,460	5,194
Debtors (including £nil (2021: £nil) due after more than one year)	14	27,360	31,954
Cash and cash equivalents		36,787	29,380
		<u>69,607</u>	<u>66,528</u>
Creditors: amounts falling due within one year	15	<u>(12,557)</u>	<u>(23,860)</u>
Net current assets		<u>57,050</u>	<u>42,668</u>
Total assets less current liabilities		<u>118,408</u>	<u>107,873</u>
Creditors: amounts falling due after more than one year	16	<u>(1,035)</u>	<u>(1,173)</u>
Provisions for liabilities and charges	17	<u>(1,972)</u>	<u>(1,395)</u>
Net assets		<u>115,401</u>	<u>105,305</u>
Capital and reserves			
Called up share capital	20	12,014	12,014
Profit and loss account		103,387	93,291
Shareholders' funds		<u>115,401</u>	<u>105,305</u>

The accompanying notes on pages 19 to 40 form part of the financial statements.

These financial statements were approved by the board of directors on 15 November 2022 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 2022

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 April 2020	12,014	83,505	95,519
Total comprehensive income for the period			
Profit for the financial period		14,832	14,832
Total comprehensive income for the period		14,832	14,832
Dividends		(5,046)	(5,046)
Balance as at 31 March 2021	12,014	93,291	105,305
Total comprehensive income for the period			
Profit for the financial period		20,188	20,188
Total comprehensive income for the period		20,188	20,188
Dividends		(10,092)	(10,092)
Balance as at 31 March 2022	12,014	103,387	115,401

The accompanying notes on pages 19 to 40 form part of the financial statements.

Notes to the Accounts for the year ended 31 March 2022

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 accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

These forecasts have been prepared based on confirmed orders and latest customer build plans, with the Company performing continual financial checks on current and prospective customers and only supporting major manufacturers within the automotive industry. This gives the Directors confidence that the forecasts show the company can continue as a going concern.

In addition, the Company has also prepared forecasts with a 40% reduction in mass production sales to stress test the company finances under a 'severe yet plausible' downside scenario such as if customers continue to suffer from further semiconductor supply shortages. At this reduced activity level, it is evident that the resulting losses and cash outflow could be absorbed by the business without reduction in overheads, which also shows sufficient ability to cover rising inflationary pressures and increasing energy prices and it could continue trading over the forecast period.

Notes to the Accounts for the year ended 31 March 2021

1 Accounting policies (continued)

Going Concern (continued)

GTEM pursues business opportunities to diversify its product range, particularly in the field of green energy and battery related products, extending its project management and engineering services. These fields offer a resilience outside of core manufacturing and supply, and with the introduction of GTES (Slovakia operations) both GTEM & GTES are able to work / load balance its European facilities offering a further dimension to robustness.

The company implemented a plan to reduce manning levels and overheads at the end of the Honda contract in July 2021 to flex costs in line with the reduced activity level and to protect profit and cash flow. This action, and continuation of existing business with other car makers, means that the company has continued to be cash generative following the end of the Honda contract. The company has also secured business with new car makers which will increase profitability and cash flow in future years.

The company also 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 and it is not envisaged that any drawdown will be necessary in the foreseeable future.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Leases

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 (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.

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 advance payments to suppliers 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 time deposits that are readily convertible into cash. Time deposits at 31 March 2022 total £25,100,000 (2021: £10,000,000).

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 and when control has been transferred to the buyer.

Sales of pressed parts, assemblies, vending, 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, control has transferred, 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, control has passed, 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 45 years
Press and assembly equipment	-	5 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.

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 2022.

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 advance payments to suppliers 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)

Taxation (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 20 years, the estimated useful economic lives of the assets to which they relate. Revenue based grants are credited to the profit and loss account over 10 to 25 years. Grants received from the Job Retention scheme were credited to the profit and loss account in the month of receipt and shown in other operating income.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expense on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income includes interest receivable on funds invested, interest income on lease receivables and net foreign exchange gains.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

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 reasonable certainty that no reversals to revenue will occur, and with tools being complete, approved by customers and control has passed. 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. For any cancellation of contracts, compensation of termination is only recognised when the Company believes that there is an enforceable agreement with the customer and virtually certain that the amounts to be recognised would be received.

Accounting estimates

There are no key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Revenue

Revenue from contracts with customers

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

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Major products/service lines		
Pressings, assembly manufacture, scrap, vending	79,822	95,528
Manufacture of press tooling and trial parts	24,763	14,190
	<u>104,585</u>	<u>109,718</u>
Primary geographical markets		
United Kingdom	100,562	105,041
Europe	3,883	4,267
Far East	140	410
	<u>104,585</u>	<u>109,718</u>
Timing of transfer of goods		
Products transferred at a point in time	104,585	109,718
Products transferred over time		
	<u>104,585</u>	<u>109,718</u>

Notes (continued)

3 Revenue (continued)

Contract Balances

The following table provides information about opening and closing receivables, advance payments to suppliers and contract liabilities from contracts with customers.

	31 March 2022 £000	31 March 2021 £000
Advance payments to suppliers	5,852	11,222
Contract liabilities	1,287	5,303

The advance payments to suppliers related to deferred expenditure on tooling contracts which were still in progress and not completed at the reporting date. The advance payments to suppliers are transferred to cost of sales in the P&L account when all contract performance obligations have been met. These advance payments to suppliers 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 advance payments to suppliers 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 advance payments to suppliers and the contract liabilities during the period were as follows:

	Advance payment to suppliers £000	Contract liabilities £000
Balance as at 1 April 2021	11,222	5,303
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(4,939)
Costs recognised that were included in the advance payment to Suppliers balance at the beginning of the period	(8,850)	-
Increases as a result of customer billings	-	923
Increases as a result of purchases from suppliers	3,480	-
Balance as at 31 March 2022	<u>5,852</u>	<u>1,287</u>

The contract liability of £1,287,000 at 31 March 2022 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)

3 Revenue (continued)

Amounts receivable on termination of contracts

	31 March 2022 £000	31 March 2021 £000
Amounts receivable on termination of contracts	10,585	6,324

Amounts receivable on termination of contracts relates to compensation received for the early termination of a supply contract.

4 Expenses and auditor remuneration

Included in the profit and loss account are the following:

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Depreciation (note 11)	5,184	5,669
Auditor's remuneration, including expenses:		
Audit of financial statements of the company pursuant to legislation	78	59
Taxation advisory services	-	-
Taxation compliance services	39	21
Total amount payable to the company's auditors	117	80
Operating leases (note 19)	783	379
Research and development expenses as incurred	1,447	1,488

5 Directors' emoluments

Directors' remuneration was as follows:

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Emoluments	399	408
Performance related bonuses	-	2
Company contributions to money purchase pension schemes	14	14
	<u>413</u>	<u>424</u>

No retirement benefits were accruing to any of the directors (2021: Nil) under the money purchase pensions scheme.

Notes (continued)

5 Directors' emoluments (continued)

Highest paid director

The highest paid director was paid £238,000 in the year (2021: £249,000).

6 Staff costs

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

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Production	535	720
Administration, sales and distribution	61	71
	<u>596</u>	<u>791</u>

Their aggregate remuneration comprises:

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Wages and salaries	16,197	19,024
Social security costs	1,251	1,493
Other pension costs (note 22)	545	538
	<u>17,993</u>	<u>21,055</u>

Notes (continued)

7 Interest receivable and similar income

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Interest receivable from bank deposits	8	28
	<u>8</u>	<u>28</u>

8 Interest payable and similar expenses

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Other interest paid	29	67
Net foreign exchange losses	143	599
	<u>172</u>	<u>666</u>

9 Other operating income

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Amortisation of government business development grants	146	146
Other income	2	28
Government Job Retention Grant	188	4,110
	<u>334</u>	<u>4,284</u>

Notes (continued)

10 Taxation

Analysis of charge in year

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	4,965	3,600
R & D credit	(188)	(193)
Adjustments in respect of previous years	(16)	(1)
	<u>4,761</u>	<u>3,406</u>
Deferred tax (see note 17)		
Origination and reversal of timing differences	137	193
Effect of tax rate change on opening balance	441	-
Adjustments in respect of prior periods	(1)	68
	<u>577</u>	<u>261</u>
Tax on profit	<u>5,338</u>	<u>3,667</u>
<i>Reconciliation of effective tax rate</i>		
Profit for the year	20,188	14,832
Total tax expense	5,338	3,667
	<u>25,526</u>	<u>18,499</u>
Profit excluding taxation	25,526	18,499
Tax using the UK corporation tax rate of 19% (2021: 19%)	4,850	3,515
<i>Effects of:</i>		
Depreciation on ineligible fixed assets	178	242
Expenses not deductible for tax purposes	5	-
R&D expenditure credit	36	36
R&D receivable	(188)	(193)
Adjustments to tax charge in respect of previous periods	(16)	67
Remeasurement of deferred tax for changes in tax rates	473	-
Total tax charge	<u>5,338</u>	<u>3,667</u>

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Deferred tax balances recognised at 31st March 2022 have been calculated based on 25% (2021: 19%). In March 2021 it was announced that the UK tax rate will increase to 25% from 1 April 2023, which would increase the deferred tax liability by £473,000.

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	53,961	59,093	6,735	1,255	121,044
Additions	479	505	238	115	1,337
Disposals	-	(12,410)	(510)	(98)	(13,018)
At end of year	54,440	47,188	6,463	1,272	109,363
Depreciation					
At beginning of year	12,272	43,399	4,306	814	60,791
Charge for year	1,320	2,652	1,030	182	5,184
Disposals	-	(12,410)	(510)	(98)	(13,018)
At end of year	13,592	33,641	4,826	898	52,957
Net book value					
At 31 March 2022	40,848	13,547	1,637	374	56,406
At 31 March 2021	41,689	15,694	2,429	441	60,253

Notes (continued)

11 Tangible fixed assets (continued)

Right-of-use assets

At 31 March 2022 the Tangible Fixed Assets schedule on page 32 included right-of-use leased 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 beginning of year	-	-	1,389	324	1,713
Additions	-	-	-	104	104
Disposals	-	-	-	(23)	(23)
At end of year	-	-	1,389	405	1,794
Depreciation					
At beginning of year	-	-	783	136	919
Charge for year	-	-	433	119	552
Disposals	-	-	-	(23)	(23)
At end of year	-	-	1,216	232	1,448
Net book value					
At 31 March 2022	-	-	173	173	346
At 31 March 2021	-	-	606	188	794

Notes (continued)

12 Investments

	Shares in group undertakings £000
<i>Cost and net book value</i>	
Balance at 1 April 2021	4,952
Additions	
Balance at 31 March 2022	<u>4,952</u>

The company has the following investments in associates:

<i>Cost and net book value</i>	Registered office address	Class of shares held	Ownership	
			2022	2021
G-TEKT Slovakia	Na Pasienkoch 9, 949 01 Nitra, Slovak Republic	Ordinary	20%	20%

During the year the G-TEKT Europe Manufacturing Europe Limited investment to date in G-TEKT Slovakia s.r.o. remained 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 s.r.o. are fully subscribed, with no further cash calls due.

13 Stocks

	31 March 2022 £000	31 March 2021 £000
Raw materials and consumables	1,900	2,176
Work in progress	2,923	2,455
Finished goods	637	563
	<u>5,460</u>	<u>5,194</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £48,430,000 (2021: £58,673,000). The write-down of obsolete and slow-moving stock to net realisable value was £375,000 in the period (2021: £578,000).

Notes (continued)

14 Debtors

	31 March 2022	31 March 2021
	£000	£000
Trade debtors	16,002	16,246
Amounts owed by group undertakings (note 21)	20	628
Amounts owed by related undertakings (note 21)	96	3,819
Prepayments and accrued income	11,242	11,261
	<u>27,360</u>	<u>31,954</u>
Due within one year	27,360	31,954
Due after more than one year	-	-
	<u>27,360</u>	<u>31,954</u>

Amounts owed by group undertakings are trading balances on payment terms of 30 days end of month, with no interest accruing on these balances.

15 Creditors: amounts falling due within one year

	31 March 2022	31 March 2021
	£000	£000
Trade creditors	4,353	5,793
Amounts owed to group undertakings (note 21)	34	219
Amounts owed to related undertakings (note 21)	-	1,484
Taxation and social security	1,668	3,758
Government grants	146	146
Corporation tax	503	86
Lease liabilities (note 19)	157	340
Accruals and deferred income	5,696	10,034
Amounts deferred on termination of contract	-	2,000
	<u>12,557</u>	<u>23,860</u>

Amounts owed to group undertakings are trading balances on payment terms of 30 days end of month, with no interest accruing on these balances.

The treatment of government grants is explained in note 1 on page 25. The amount released to the P&L account in the year ending 31 March 2022 was £146,000 (2021: £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.

Notes (continued)

16 Creditors: amounts falling due after one year

	31 March 2022 £000	31 March 2021 £000
Government grants	759	905
Lease liabilities (note 19)	197	268
Staff retention liability	79	-
	<u>1,035</u>	<u>1,173</u>

17 Deferred taxation

The company's liability in respect of deferred taxation is as follows:

	31 March 2022 £000	31 March 2021 £000
Accelerated capital allowances	1,981	1,404
Short term timing differences	(9)	(9)
	<u>1,972</u>	<u>1,395</u>
Deferred tax provision brought forward	1,395	1,134
Deferred tax charge in the profit and loss account (see note 10)	136	261
Effect of change in tax on opening balances	441	-
Deferred tax provision carried forward	<u>1,972</u>	<u>1,395</u>

Notes (continued)

18 Capital commitments

Capital expenditure sanctioned by the Directors as at 31 March 2022 but not provided for within these accounts was £325,000 (2021 : £416,000)

19 Leases as a lessee (IFRS16)

Right-of-use assets

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

	Land and buildings	Press and assembly equipment	Other plant and machinery	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000	£000	£000
Net value as 1 April 2021	-	-	606	188	794
Additions to right-of-use assets	-	-	-	104	104
Disposals	-	-	-	-	-
Depreciation charge for year	-	-	(433)	(119)	(552)
Balance at 31 March 2022	-	-	173	173	346

Amounts recognised in profit or loss:

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

<i>Leases under IFRS 16</i>	2022 £000	2021 £000
Interest expense on lease liabilities	20	67
Expenses relating to short-term leases	783	379
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	-	-

The value of lease liabilities falling due within one year was £157,000 (note 15)

The value of lease liabilities falling due after one year was £197,000 (note 16)

Notes (continued)

20 Called up equity share capital

	31 March 2022	31 March 2021
	£000	£000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each 12,014,022 (2021: 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

All related party transactions are undertaken on an arm's length basis.

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 Omiya JP Building 18F, 1-11-20, Sakuragi-cho, Omiya-ku, Saitama-city, Saitama-Pref. 0330-0854, Japan. Honda Japan owned 30.04% of the share capital of G-TEKT Corporation at 31 March 2022.

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. 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 2022 £000	Year ended 31 March 2021 £000	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
G-TEKT Corporation	-	17	-	-
G-TEKT Slovakia	3,023	-	189	546
Honda UK	19,751	27,417	-	-
Honda Logistics / Honda Trading	623	201	-	-
Total related party transactions	<u>23,397</u>	<u>27,635</u>	<u>189</u>	<u>546</u>

Included within tooling or component sales to Honda UK is £10,585,000 (2021: £6,324,000) of amounts receivable on termination of contract.

Notes (continued)

21 Related Party Transactions (Continued)

Purchases by G-TEKT Europe Manufacturing Limited				
	Tooling, capital or component purchases		Group recharges	
	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Honda	3,555	10,482	-	-
G-TEKT Thailand	-	11	-	-
G-TEKT Corporation	568	1,972	228	246
Total related party transactions	4,123	12,465	228	246

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 2022 £000	31 March 2021 £000
<i>Amounts due from:</i>		
Subsidiaries within the Honda Group	96	3,819
Subsidiaries within the G-TEKT group	20	628
Total	116	4,447
<i>Amounts payable to:</i>		
Subsidiaries within the G-TEKT Group	34	219
Subsidiaries within the Honda Group	-	1,484
Total	34	1,703

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 and amounted to £366,000 (2021 £313,000). A second defined contribution scheme is operated to meet auto enrolment obligations and contributions to this scheme for the year were £179,000 (2021: £225,000).

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.

24 Post balance sheet events

During the financial year, certain tooling projects that were ongoing with a customer were cancelled, with a claim for compensation made by the Company after this point.

Compensation was subsequently agreed in respect of this termination, with recognition of these amounts determined to be at the point in time that there was an enforceable agreement with the customer, and when it was virtually certain the Company was going to receive these amounts.

The amounts receivable on the termination of contract were therefore booked subsequent to the year end, when these criteria were deemed to be met, with amounts of £6,345,000 received in April 2022 which are to be recognised within the 31 March 2023 year-end.