

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
MATERION UK LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2020

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DIRECTORS:

A D Tarrant
C Eberhardt
J Hirt

REGISTERED OFFICE:

1 Rae Road
Farnborough
Hampshire
GU14 6XE

REGISTERED NUMBER:

06927267 (England and Wales)

AUDITORS:

Haines Watts
Chartered Accountants and Statutory Auditors
Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of production and research and development services within the metal industry.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

A D Tarrant
C Eberhardt

Other changes in directors holding office are as follows:

J Hirt - appointed 17 August 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

MATERION UK LIMITED (REGISTERED NUMBER: 06927267)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

A D Tarrant - Director

4 October 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MATERION UK LIMITED

Opinion

We have audited the financial statements of Materion UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the accounting policy note on Going Concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MATERION UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MATERION UK LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: FRS102 - the Financial Reporting Standard applicable in the UK & The Republic of Ireland, the Companies Act 2006 and relevant tax compliance regulations in the UK.

We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making enquiries of management.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where management considered there was susceptibility to fraud. Audit procedures performed by the audit team included:

- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries, with a focus on entries made with unusual accounting combinations;
- Confirming with management whether they have knowledge of any actual, suspected or illegal fraud;
- Evaluating whether there was evidence of bias by management that represents a risk of material misstatement due to fraud.

These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MATERION UK LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Wright Bsc FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditors
Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

28 October 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		31/12/20	31/12/19
	Notes	£	as restated £
TURNOVER		1,833,159	713,619
Cost of sales		<u>754,402</u>	<u>235,562</u>
GROSS PROFIT		1,078,757	478,057
Administrative expenses		<u>1,107,953</u>	<u>(3,594,236)</u>
		(29,196)	4,072,293
Other operating income		<u>18,799</u>	-
OPERATING (LOSS)/PROFIT		(10,397)	4,072,293
Other finance income	14	<u>55,000</u>	47,000
		44,603	4,119,293
Interest payable and similar expenses		<u>42,443</u>	58,826
PROFIT BEFORE TAXATION		2,160	4,060,467
Tax on profit		<u>(21,648)</u>	1,032
PROFIT FOR THE FINANCIAL YEAR		23,808	4,059,435
OTHER COMPREHENSIVE INCOME			
Net actuarial gain		13,000	61,453
Fair value movement of pension asset			
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		13,000	61,453
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			4,120,888
Prior year adjustment	5	<u>(2,378,965)</u>	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		(2,342,157)	

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2020

		31/12/20		31/12/19 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	6		365		365
Tangible assets	7		109,715		123,155
Investments	8		788,731		788,731
			<u>898,811</u>		<u>912,251</u>
CURRENT ASSETS					
Stocks		584,428		608,552	
Debtors	9	485,613		474,865	
Cash at bank		67,592		337,484	
		<u>1,137,633</u>		<u>1,420,901</u>	
CREDITORS					
Amounts falling due within one year	10	4,090,317		4,235,833	
NET CURRENT LIABILITIES			<u>(2,952,684)</u>		<u>(2,814,932)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(2,053,873)</u>		<u>(1,902,681)</u>
PENSION ASSET	14	2,079,000		1,891,000	
NET ASSETS/(LIABILITIES)			<u>25,127</u>		<u>(11,681)</u>
CAPITAL AND RESERVES					
Called up share capital	12		39,695		39,695
Capital redemption reserve	13		781,994		781,994
Retained earnings	13		(796,562)		(833,370)
SHAREHOLDERS' FUNDS			<u>25,127</u>		<u>(11,681)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 4 October 2021 and were signed on its behalf by:

A D Tarrant - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. STATUTORY INFORMATION

Materion UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specific within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Going Concern

In determining the appropriate basis of preparation of the financial statements, the board is required to consider whether the company can continue in operational existence for the foreseeable future.

The company is a member of the Materion Corporation Group and the Materion Corporation Group have undertaken to provide financial support to the company to enable it to continue to trade and satisfy its liabilities as they fall due for at least 12 months from the signing of these financial statements and for the foreseeable future.

Having considered the written undertaking given by the Materion Corporation Group, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Materion Corporation Group, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue from systems and the installation of systems are recognised upon delivery to a customer. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied.

Deposits are deferred until the job is completed. If a contract is cancelled, the deposit is recognised as income immediately, net of costs incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line basis.

Depreciation is provided on the following basis:

Leasehold	- 18 years straight line
Plant and machinery	- 10 years straight line
Fixtures and fittings	- 3 years straight line
Motor Vehicles	- 3 years straight line

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

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

Government grants

Government grants are credited to the Statement of comprehensive income as the related expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Stock and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Foreign currencies

Foreign currency translation

Functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Pensions

Defined benefit pension plan

The Company operates a closed defined benefits pension scheme and the pension charge is advised by the scheme actuary on an annual basis.

Defined contribution pension plan

The Company also operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 27 (2019 - 13).

4. EXCEPTIONAL ITEMS

	2020	2019
	As restated	
	£	£
Forgiveness of intergroup debt	<u>78,869</u>	<u>3,846,469</u>

5. PRIOR YEAR ADJUSTMENT

The 2019 financial statements had been prepared on the basis that following a reorganisation of UK group entities certain intergroup loans had been waived. The Company has subsequently discovered that not all of the intergroup loans were waived and has reinstated these liabilities in the financial statements.

6. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 January 2020	
and 31 December 2020	<u>365</u>
NET BOOK VALUE	
At 31 December 2020	<u>365</u>
At 31 December 2019	<u>365</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

7. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2020	21,987	109,167	1,029	132,183
Additions	-	7,432	6,004	13,436
At 31 December 2020	<u>21,987</u>	<u>116,599</u>	<u>7,033</u>	<u>145,619</u>
DEPRECIATION				
At 1 January 2020	1,517	7,095	416	9,028
Charge for year	4,549	20,050	2,277	26,876
At 31 December 2020	<u>6,066</u>	<u>27,145</u>	<u>2,693</u>	<u>35,904</u>
NET BOOK VALUE				
At 31 December 2020	<u>15,921</u>	<u>89,454</u>	<u>4,340</u>	<u>109,715</u>
At 31 December 2019	<u>20,470</u>	<u>102,072</u>	<u>613</u>	<u>123,155</u>

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	<u>788,731</u>
NET BOOK VALUE	
At 31 December 2020	<u>788,731</u>
At 31 December 2019	<u>788,731</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/20 £	31/12/19 as restated £
Trade debtors	52,974	94,284
Amounts owed by group undertakings	258,265	167,581
Tax	28,576	6,928
VAT	32,352	-
Prepayments and accrued income	113,446	206,072
	<u>485,613</u>	<u>474,865</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/20	31/12/19
	£	as restated £
Trade creditors	70,596	48,237
Amounts owed to group undertakings	3,866,799	3,983,802
Social security and other taxes	39,702	41,005
Other creditors	15,186	46,700
Accruals and deferred income	98,034	116,089
	<u>4,090,317</u>	<u>4,235,833</u>

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/12/20	31/12/19
	£	as restated £
Within one year	90,000	42,500
Between one and five years	247,500	170,000
	<u>337,500</u>	<u>212,500</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/20	31/12/19
			£	as restated £
6,441,287	Ordinary	\$0.01	<u>39,695</u>	<u>39,695</u>

13. RESERVES**Profit & loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

Capital redemption reserve

The capital redemption reserve represents the amounts transferred following the Company's repurchase of shares issued.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020
14. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge represents contributions payable by the Company to the funds and amounted to £140,154 (2019 - £41,297). At the balance sheet date £9,223 (2019 - £4,609) was owed to the scheme.

The Company also operates a defined benefit pension scheme, that was closed to new entrants with effect from 5 December 2005 and future accruals as of 30 April 2007. As such, there are no active members.

The Company entered into a flexible apportionment arrangement under which all the liabilities of the Materion Brush Limited Pension and Life Assurance Plan were apportioned to the Company.

In accordance with provisions of schedule 36 of the Finance Act 2004, the Pension fund became a registered pension scheme under Chapter 2 or part 4 of the Finance Act 2004 with effect from 5 April 2006.

The date of the most recent completed full actuarial valuation was at 22 January 2021. These FRS 102 valuation results use April 2019 valuation data. The actuary is not an employee or officer of the company or its subsidiary.

Contributions will be made in accordance with the Schedule of Contributions, which is mutually agreed by the Company and the scheme's trustees. The Company is required to settle administrative costs.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31/12/20	31/12/19
	£	as restated £
Current service cost	-	-
Net interest from net defined benefit asset/liability	(55,000)	(47,000)
Past service cost	-	-
	<u>(55,000)</u>	<u>(47,000)</u>
Actual return on plan assets	<u>140,000</u>	<u>153,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31/12/20	31/12/19
	£	as restated £
Opening defined benefit obligation	4,302,000	-
Interest cost	85,000	106,000
Benefits paid	(107,000)	(132,000)
Pension obligation acquired	-	3,864,000
Actuarial (gains)/losses from changes in financial assumptions	605,000	464,000
	<u>4,885,000</u>	<u>4,302,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31/12/20	31/12/19
	£	as restated £
Opening fair value of scheme assets	6,193,000	-
Contributions by scheme participants	120,000	41,496
Expected return	140,000	153,000
Benefits paid	(107,000)	(132,000)
Pension asset acquired	-	5,605,051
Return on plan assets (excluding interest income)	618,000	525,453
	<u>6,964,000</u>	<u>6,193,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31/12/20	31/12/19
	£	as restated £
Actuarial (gains)/losses from changes in financial assumptions	(605,000)	(464,000)
Return on plan assets (excluding interest income)	618,000	525,453
	<u>13,000</u>	<u>61,453</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 202014. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31/12/20	31/12/19
	£	as restated £
Equities	1,183,880	1,919,830
Bonds	835,680	1,981,760
Cash and other	4,944,440	2,291,410
	<u>6,964,000</u>	<u>6,193,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31/12/20	31/12/19
		as restated
Discount rate	1.30%	2.00%
Expected return on scheme assets	1.80%	2.30%
Pension increases in deferment - CPI	2.60%	2.20%
Pension increases in payment - RPI	3.10%	3.20%
Pensioner mortality rate increase	1.25%	1.25%

15. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

16. **ULTIMATE CONTROLLING PARTY**

The Company is a subsidiary of Materion Advanced Technologies and Services Inc., a wholly owned subsidiary of Materion Corporation Inc. incorporated in the USA. The largest and smallest group in which the results of the Company are included is that headed by Materion Corporation Inc. Consolidated financial statements are available from 6070 Parkland Boulevard, Mayfield Heights, Ohio, USA.

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