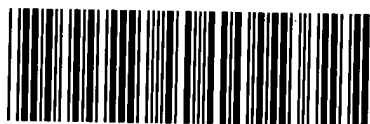


Company Registration No. 08462474 (England and Wales)

HI-REL LIDS AC LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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HI-REL LIDS AC LIMITED

COMPANY INFORMATION

Directors	K Barday D Havekost S Norris
Company number	08462474
Registered office	Blenheim House Newmarket Road Bury St Edmunds Suffolk IP33 3SB
Auditor	RSM UK Audit LLP Chartered Accountants Blenheim House Newmarket Road Bury St Edmunds Suffolk IP33 3SB

HI-REL LIDS AC LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The group provided a range of metal components for the Hermetic micro-electronic markets.

Hi-Rel Lids AC Limited (thereafter referred to as HRL) is a wholly owned subsidiary of Hermetics Solutions Group (thereafter known as HSG).

Covid had an effect on labour costs as more overtime was needed to cover the order book which can be seen in the figures below. We continued to control operational costs well during the year and HRL's performance remained strong. HRL showed continued good performance in its defence, optical networking and the industrial markets.

The company had closing bank balances of £841k which is an increase on the prior year (2020: £572k). Debtor collection processes and procedures have improved which has ensured that collections are in a timely manner. Trade debtors balances at the year end were £891k (2020: £707k).

During the year the group paid a dividend of £1,031,539 (2020: £4,147,982) to its parent entity.

Key performance indicators

The company's key performance indicators are set out below:

	2021	2020	Variance	Variance
	£000	£000	£000	%
Bookings	11,268	8,100	3,168	39.11%
Turnover	8,303	7,829	474	6.05%
Profit before Tax	1,726	1,705	21	1.23%
Net Assets	3,227	2,906	321	11.05%

The directors are satisfied with the performance of the group during the year.

Principal risks and uncertainties

The group addresses price, credit and liquidity/cashflow as follows:

- Prices are agreed between Hi-Rel Lids Limited and the customer such that transactions are commercially viable.
- Liquidity/Cashflow risks are dealt with by managing cash balances to ensure optimised returns. Cash collection is structured and monitored via the credit control process, this includes monthly review meetings & defining specific "action plans" to recover over-due debts.

Going concern

The directors have prepared detailed profit and cashflow forecasts which have been revised quarterly during 2021 to include the impact of Covid and all other known factors. These, together with the results achieved since the balance sheet date, have led the directors to conclude that the company remains a going concern and will be able to meet its liabilities that fall due for a period of at least 12 months from date of approval of the financial statements.

HI-REL LIDS AC LIMITED

STRATEGIC REPORT (CONTINUED)


FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The group will continue to invest in capital equipment to help support the group's strategic aims.

Working together with our leading customers on business initiative and continuity plans which will enable us to work more closely together to benefit all parties in achieving our goal of maintaining revenue growth in Optical Networking, Defence and Medical markets.

On behalf of the board



S Norris
Director

Date: 8th Sept 2022.

HI-REL LIDS AC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is that of a holding and investment company. The activities of the trading subsidiary, Hi-Rel Lids Limited, continued to be that of production of lids for use in the electronic and electrical goods industry.

Results and dividends

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

Ordinary dividends were paid amounting to £1,031,539. The directors do not recommend payment of a further dividend.

Directors

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

K Barclay
D Havekost
S Norris

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the disclosures on future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S Norris
Director

Date: 8th Sept 2022

HI-REL LIDS AC LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HI-REL LIDS AC LIMITED

Opinion

We have audited the financial statements of Hi-Rel Lids AC Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HI-REL LIDS AC LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HI-REL LIDS AC LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from internal tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and checking cut-off procedures and reviewing the controls in place in respect of revenue recognition.

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

Use of our report

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

RSM UK Audit LLP

Laragh Jeanroy (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk, IP33 3SB

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HI-REL LIDS AC LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	8,303,183	7,828,746
Cost of sales		(5,322,455)	(4,887,962)
Gross profit		2,980,728	2,940,784
Administrative expenses		(1,663,504)	(1,894,375)
Other operating income		396,423	397,013
Operating profit	6	1,713,647	1,443,422
Interest receivable and similar income	8	12,074	261,658
Profit before taxation		1,725,721	1,705,080
Tax on profit	9	(373,156)	(340,540)
Profit for the financial year		1,352,565	1,364,540

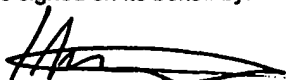
Profit for the financial year is all attributable to the owners of the parent company.

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

HI-REL LIDS AC LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		995,666		1,080,168
Current assets					
Stocks	13	924,028		828,761	
Debtors	14	1,536,188		1,363,057	
Cash at bank and in hand		841,038		572,103	
		<u>3,301,254</u>		<u>2,763,921</u>	
Creditors: amounts falling due within one year	15	<u>(868,263)</u>		<u>(782,502)</u>	
Net current assets			<u>2,432,991</u>		<u>1,981,419</u>
Total assets less current liabilities			<u>3,428,657</u>		<u>3,061,587</u>
Provisions for liabilities	17		<u>(201,359)</u>		<u>(155,315)</u>
Net assets			<u><u>3,227,298</u></u>		<u><u>2,906,272</u></u>
Capital and reserves					
Called up share capital	19		1		1
Profit and loss reserves			<u>3,227,297</u>		<u>2,906,271</u>
Total equity			<u><u>3,227,298</u></u>		<u><u>2,906,272</u></u>

The financial statements were approved by the board of directors and authorised for issue on 8th Sept 2022 and are signed on its behalf by:




 S Norris
 Director

HI-REL LIDS AC LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	14	1		1	
Net current assets			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	19		<u>1</u>		<u>1</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £1,031,539 (2020 - £4,147,982).

The financial statements were approved by the board of directors and authorised for issue on 8th Jan 2022 and are signed on its behalf by:



 S Norris
 Director

HI-REL LIDS AC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020		1	5,689,713	5,689,714
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	1,364,540	1,364,540
Dividends	10	-	(4,147,982)	(4,147,982)
Balance at 31 December 2020		1	2,906,271	2,906,272
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	1,352,565	1,352,565
Dividends	10	-	(1,031,539)	(1,031,539)
Balance at 31 December 2021		1	3,227,297	3,227,298

HI-REL LIDS AC LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020		<u>1</u>	<u>-</u>	<u>1</u>
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	4,147,982	4,147,982
Dividends	10	-	(4,147,982)	(4,147,982)
		<u>1</u>	<u>-</u>	<u>1</u>
Balance at 31 December 2020		<u>1</u>	<u>-</u>	<u>1</u>
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	1,031,539	1,031,539
Dividends	10	-	(1,031,539)	(1,031,539)
		<u>1</u>	<u>-</u>	<u>1</u>
Balance at 31 December 2021		<u>1</u>	<u>-</u>	<u>1</u>

HI-REL LIDS AC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	20	1,750,104		4,691,141	
Income taxes paid		(273,321)		(305,119)	
Net cash inflow from operating activities		<u>1,476,783</u>		<u>4,386,022</u>	
Investing activities					
Purchase of tangible fixed assets		(190,678)		(519,776)	
Proceeds on disposal of tangible fixed assets		-		2,500	
Interest received		12,074		261,658	
Net cash used in investing activities		<u>(178,604)</u>		<u>(255,618)</u>	
Financing activities					
Dividends paid to equity shareholders		(1,031,539)		(4,147,982)	
Net cash used in financing activities		<u>(1,031,539)</u>		<u>(4,147,982)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>266,640</u>		<u>(17,578)</u>	
Cash and cash equivalents at beginning of year		572,103		583,024	
Effect of foreign exchange rates		2,295		6,657	
Cash and cash equivalents at end of year		<u><u>841,038</u></u>		<u><u>572,103</u></u>	

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Hi-Rel Lids AC Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Blenheim House, Newmarket Road, Bury St Edmunds, Suffolk, IP33 3SB.

The group consists of Hi-Rel Lids AC Limited and its wholly-owned subsidiary Hi-Rel Lids Limited.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors Report.

Accounting convention

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

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

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

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are included in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of Hi-Rel Lids AC Limited and all of its subsidiaries.

All financial statements are made up to 31 December 2021. No adjustments were made to the financial statements of the subsidiaries as their accounting policies were in line with those of the group.

The merger method of accounting has been applied to Group reconstructions as if the entities had always been combined. The carrying values of the entities' assets and liabilities are not adjusted to fair value. Any difference between the nominal value of shares issued plus the fair value of other consideration and the nominal value of shares received is taken to other reserves in equity.

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

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Going concern

The directors have prepared detailed profit and cashflow forecasts which have been revised quarterly during 2021 to include the impact of Covid and all other known factors. These, together with the results achieved since the balance sheet date, have led the directors to conclude that the company remains a going concern and will be able to meet its liabilities that fall due for a period of at least 12 months from date of approval of the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangible fixed assets

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the term of the lease
Plant and equipment	10%, 20% and 25% straight line
Office equipment	20% straight line

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

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Stocks

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and accruals, are initially recognised at transaction and are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Production of lids for use in the electronic and electrical goods industry	8,303,183	7,828,746
	<u> </u>	<u> </u>
	2021 £	2020 £
Other revenue		
Interest income	12,074	261,658
Grants received	7,965	13,865
	<u> </u>	<u> </u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	1,040,098	847,719
Rest of Europe	511,341	590,014
North America	1,889,804	1,507,402
South America	-	6,637
Asia	4,861,940	4,876,974
	<u> </u>	<u> </u>
	8,303,183	7,828,746
	<u> </u>	<u> </u>

4 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	50	49	-	-
Administration	15	14	2	2
Management	1	1	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	66	64	3	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	1,629,460	1,462,270	-	-
Social security costs	150,130	145,582	-	-
Pension costs	46,842	42,151	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,826,432	1,650,003	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	154,981	155,023
Company pension contributions to defined contribution schemes	11,082	10,742
	<u>166,063</u>	<u>165,765</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2020 - 1).

6 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	24,831	298,264
Government grants	(7,965)	(13,865)
Depreciation of owned tangible fixed assets	207,380	226,971
Profit on disposal of tangible fixed assets	-	(2,500)
Operating lease charges	57,720	57,720
	<u>281,966</u>	<u>566,590</u>

7 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	24,860	22,600
	<u>24,860</u>	<u>22,600</u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	1,638
Interest receivable from group companies	11,894	259,901
Other interest income	180	119
	<u>12,074</u>	<u>261,658</u>
Total income	<u>12,074</u>	<u>261,658</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	327,088	281,720
Adjustments in respect of prior periods	24	(2,595)
	<u>327,112</u>	<u>279,125</u>
Total current tax	<u>327,112</u>	<u>279,125</u>

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation (Continued)

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	(3,002)	47,297
Changes in tax rates	49,046	11,370
Adjustment in respect of prior periods	-	2,748
Total deferred tax	46,044	61,415
Total tax charge	373,156	340,540

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	1,725,721	1,705,080
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	327,887	323,965
Tax effect of expenses that are not deductible in determining taxable profit	499	80
Adjustments in respect of prior years	24	(2,595)
Deferred tax adjustments in respect of prior years	-	2,748
Fixed asset difference	(3,579)	4,972
Remeasurement of deferred tax for changes in tax rates	48,325	11,370
Taxation charge	373,156	340,540

10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Final paid	1,031,539	4,147,982

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

Group	Leasehold improvements £	Assets under construction £	Plant and equipment £	Office equipment £	Total £
Cost					
At 1 January 2021	579,690	401,808	2,119,941	143,040	3,244,479
Additions	-	162,582	21,533	6,563	190,678
Disposals	(50,852)	-	(27,153)	(3,188)	(81,193)
Transfers	20,725	(99,559)	78,834	-	-
Adjustment	-	(67,800)	-	-	(67,800)
At 31 December 2021	549,563	397,031	2,193,155	146,415	3,286,164
Depreciation and impairment					
At 1 January 2021	431,386	-	1,606,130	126,795	2,164,311
Depreciation charged in the year	46,815	-	151,949	8,616	207,380
Eliminated in respect of disposals	(50,852)	-	(27,153)	(3,188)	(81,193)
At 31 December 2021	427,349	-	1,730,926	132,223	2,290,498
Carrying amount					
At 31 December 2021	122,214	397,031	462,229	14,192	995,666
At 31 December 2020	148,304	401,808	513,811	16,245	1,080,168

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

All depreciation is charged to administrative expenses.

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Hi-Rel Lids Limited	Same as parent	Production of lids	Ordinary	100.00

13 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	511,215	499,988	-	-
Work in progress	293,623	179,053	-	-
Finished goods and goods for resale	119,190	149,720	-	-
	924,028	828,761	-	-

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	890,909	707,430	-	-
Amounts owed by group undertakings	349,417	370,992	1	1
Other debtors	230,261	204,250	-	-
Prepayments and accrued income	65,601	80,385	-	-
	<u>1,536,188</u>	<u>1,363,057</u>	<u>1</u>	<u>1</u>

15 Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade creditors	510,467	417,445	-	-
Corporation tax payable	127,426	73,635	-	-
Other taxation and social security	55,989	40,763	-	-
Other creditors	102,920	71,835	-	-
Accruals and deferred income	71,461	178,824	-	-
	<u>868,263</u>	<u>782,502</u>	<u>-</u>	<u>-</u>

16 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Deferred tax liabilities	17	<u>201,359</u>	<u>155,315</u>	<u>-</u>	<u>-</u>

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	202,255	155,834
Short term timing differences	(896)	(519)
	<u>201,359</u>	<u>155,315</u>

The company has no deferred tax assets or liabilities.

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Deferred taxation (Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 January 2021	155,315	-
Charge to profit or loss	46,044	-
Liability at 31 December 2021	<u>201,359</u>	<u>-</u>

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>46,842</u>	<u>42,151</u>

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

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital issued and fully paid				
Ordinary of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

20 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,352,565	1,364,540
Adjustments for:		
Taxation charged	373,156	340,540
Investment income	(12,074)	(261,658)
Gain on disposal of tangible fixed assets	-	(2,500)
Depreciation and impairment of tangible fixed assets	207,380	226,971
Foreign exchange gains on cash equivalents	(2,295)	(6,657)
Movements in working capital:		
(Increase)/decrease in stocks	(95,267)	198,566
(Increase)/decrease in debtors	(173,131)	2,787,094
Increase in creditors	99,770	44,245
Cash generated from operations	<u>1,750,104</u>	<u>4,691,141</u>

HI-REL LIDS AC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	Exchange rate movements £	31 December 2021 £
Cash at bank and in hand	572,103	266,640	2,295	841,038

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	-	55,315	-	-

23 Capital commitments

The capital commitment at 31 December 2021 is £88,713 (2020: £Nil).

24 Controlling party

The ultimate controlling party of the group is WCI-HSG HoldCo LLC, a corporation incorporated in the United States of America.