

REGISTERED NUMBER: 09432835 (England and Wales)

Strategic Report, Report of the Directors and

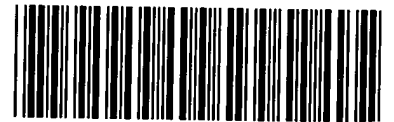
Financial Statements

for the Year Ended 31 March 2020

for

**Tritech Precision Products (Yeovil)
Limited**

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**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

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for the Year Ended 31 March 2020**

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**Tritech Precision Products (Yeovil)
Limited**

**Company Information
for the Year Ended 31 March 2020**

DIRECTORS:

F D Neterwala
A F Neterwala
I J Walker
S Goodfellow
A R White
S J Goodier
M Langford
S Manford

REGISTERED OFFICE:

Bridge Road North
Wrexham Industrial Estate
Clwyd
LL13 9PS

REGISTERED NUMBER:

09432835 (England and Wales)

AUDITORS:

Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Strategic Report
for the Year Ended 31 March 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

Introduction

The Tritech group business was founded in 1982 as a centre of excellence for providing investment casting products and services. Ultimate ownership of the group headed by Neteron Holdings Limited is with Chemical and Ferro Alloys Private Limited which is part of the Neterwala group of companies. The origins of the group in investment casting still dominate activities, but continuous later developments, which included new acquisitions, new applications and process improvements, have seen the business go from strength to strength.

Business review

The financial year ended 31 March 2020 saw an increase in turnover of 15% compared to the prior year. The increase arose from a number of customers as market conditions and customer orders returned to the company at increased rates.

Gross margin improved from 23.7% in the prior year to 25.1%. The increase was driven by an improvement in manufacturing techniques and the majority of the site cost base built in 2019 being retained in support of increased turnover expectations.

Overheads in the year to 31 March 2020 remained aligned with the prior year, also in support of sales growth expectations.

All of the above resulted in a profit before tax of £102,000 compared to a loss of £185,000 in the prior year.

Stock levels increased during the year by 11%, with a similar % increase in total net current assets. The level of profits retained increased net assets from £2,799,000 to £2,907,000.

Events affecting the company since the balance sheet date

Whilst the Covid-19 pandemic commenced towards the end of March 2020, prior to the balance sheet date, the company did not suffer any significant financial impact until after that time, when the effects of the pandemic and restrictions imposed by governments around the world severely affected the markets in which the company operates. As a consequence of the pandemic the company forecast for sales for year has been reduced to £4.8m.

Following the outbreak of the Covid-19 pandemic many and varied cost reduction exercises have been undertaken and planned across the whole group to reduce the cost base and minimise any losses on reduced turnover levels. In addition to these activities many projects have been instigated to maximise working capital and secure UK Government financial support.

The directors have prepared trading and cash forecasts extending to at least 12 months from the date of these financial statements. The forecasts incorporate assumptions in respect of future market conditions and customer programme requirements, new business expectation, pricing changes, timing of repayment of deferred PAYE/NIC and VAT liabilities and ongoing availability of bank funding.

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Strategic Report
for the Year Ended 31 March 2020**

Future developments

The long-term strategic vision for the company remains the creation of value for our shareholders. Whilst the Covid-19 pandemic has had an immediate detrimental impact, the longer-term aim is still to provide value from sales growth, profitability, cash generation and strong return on capital employed. These shared views drive long term decision making and behaviour in the company with the financial objectives aligned to this end and focused on five key long-term objectives:

- Increasing revenue;
- Improving operating margins;
- Maximising return on capital employed;
- Maximising free cash flow.
- Focus on 'Right First Time' manufacturing.

Key Performance Indicators

The record of financial performance metrics is set out below:

	2020	2019	2018
Sales turnover	£6.3m	£5.5m	£6.2m
Gross profit	£1.6m	£1.3m	£1.5m
EBITDA	£0.4m	£0.2m	£0.3m
EBITDA % of sales	6.5%	3.7%	4.8%
Profit/(loss) before tax	£0.1m	(£0.2m)	£0.02m

In the year ended 31 March 2020, company revenue increased by £0.8m and 15% to £6.3m (2019: £5.5m). This increase was encouraging compared to prior year sales levels.

Gross profit of £1.6m was increased by £0.3m (21%) on prior year. The gross margin percentage was 25.1% compared to 23.7% in prior year.

EBITDA has continued to improve to 6.5% of sales compared to 3.7% in the prior year. The improvement in EBITDA is the result of increased turnover and gross profit whilst overheads have remained comparable year on year.

Profit before taxation for the year was £0.1m compared to a loss of £0.2m in the prior period.

Cash Flow

Working capital has been tightly controlled during the year enabling an 11% investment in stock to support the increased sales orderbook. Trade debtors and trade creditors remain under close review with daily cashflow being monitored.

Debt

During the year the company level of working capital finance increased due to increased sales. This was offset by a smaller reduction to the level of finance lease debt. The directors believe that the level of debt in the company is manageable with the only expected increase in the level of debt in the coming years being related to the government support available to manage the financial impact of the Covid-19 pandemic.

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Strategic Report
for the Year Ended 31 March 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The company has a constant challenge to meet customer expectation and demand in constantly expanding markets with added risks and uncertainties generated by the Covid-19 pandemic.

The Tritech group is still benefitting from being part of many long-term and growing programs with our valued long-term customers. It is important that the business is ready to absorb long term growth. The wider group has the ability to 'share' business around the 4 foundries within the group (including the ultimate parent company's operation in India) with customer approval.

The business has good long-term visibility of customer orders (up to 18 months) and good intelligence of the various programs of work we are engaged upon. This enables early warning of capacity and manning level requirements, and also gives pre warning of any potential reductions to the order book so that corrective actions can be taken. The directors remain confident, even during the Covid-19 pandemic, that turnover will remain over £5m in the year to March 2021 as evidenced by the orderbook visibility the company has. The manufacturing cost base has been adjusted accordingly in the next financial year.

Whilst Brexit developments have led to some uncertainty this is tempered by the company having a reasonably low level of sales and supply chain exposure from the EU.

The main risks associated with the company's financial assets and liabilities are set out below:

Interest rate risks

The company finances its operations through a mixture of retained profits and external borrowings. The external borrowings are at fixed interest rates. This gives the company certainty regarding interest payments.

Foreign currency risk

The company's transactions are predominantly in Sterling, US Dollar and Euros. The company seeks to mitigate the effect of its structural currency exposure by purchasing in the same functional currency as it sells. The company does not hedge any currency exposure.

Cashflow risk

The company aims to mitigate cashflow risk by managing cashflows generated by its operations. Authorisation limits are in place for all types of expenditure.

Credit risk

The company's objective is to reduce the risk of financial loss due to a customer's failure to honour its obligations. All customers are subject to credit control procedures and each customer has an appropriate credit limit set. Where credit risk is perceived, payment must be made by letter of credit or payment in advance of sale/distribution.

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Strategic Report
for the Year Ended 31 March 2020**

Liquidity risk

Daily cashflows are forecast and monitored to ensure that the company remains within its available funding facilities. Since the balance sheet date, the whole UK group has successfully moved its banking relationship to a different provider and considers the new provider to be supportive of the group's operations. Revised trading and cashflow forecasts have been communicated to the bank and the directors consider the available and proposed facilities to be adequate.

ON BEHALF OF THE BOARD:


M Langford - Director

Date: 26th Jan 2021

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Report of the Directors
for the Year Ended 31 March 2020**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture of aluminium castings.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020 or 31 March 2019

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

F D Neterwala
A F Neterwala
I J Walker
S Goodfellow
A R White
S J Goodier
M Langford

Other changes in directors holding office are as follows:

S S Docherty - resigned 31 August 2019
S Manford - appointed 1 January 2020

GOING CONCERN

The directors have prepared detailed trading and cashflow forecasts extending to 31 March 2022. The forecasts incorporate assumptions in respect of future market conditions and customer programme requirements being at lower levels, new business expectation, no significant planned investment in capital, timing of repayment of deferred PAYE/NIC and VAT liabilities and ongoing availability of bank funding. The directors sales forecast is based on the actual 2020 build rates of Airbus, a major customer, and does not include any predicted uplift of those rates.

Based on these forecasts and the assumptions made therein the directors have a reasonable expectation that the company has sufficient access to resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the notes to the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) of Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Report of the Directors
for the Year Ended 31 March 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Mitten Clarke Audit Limited, has indicated its willingness to continue in office and will be proposed for re-appointment in accordance with section 485 Companies Act 2006.

ON BEHALF OF THE BOARD:


M Langford - Director

Date: 26th Jan 2021

**Report of the Independent Auditors to the Members of
Tritech Precision Products (Yeovil)
Limited**

Opinion

We have audited the financial statements of Tritech Precision Products (Yeovil) Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 March 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.

Emphasis of matter

We draw attention to Note 2 to the financial statements which describes the directors assessment of going concern and Note 3 to the financial statements which describes the critical judgements made by the directors in making that assessment.

Our opinion is not modified in respect of this matter.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

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

**Report of the Independent Auditors to the Members of
Tritech Precision Products (Yeovil)
Limited**

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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.

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.

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.

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.

Mitten Clarke Audit Limited

Nicola Johnson (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

Date: 8/2/2021

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Income Statement
for the Year Ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
TURNOVER	4	6,320	5,498
Cost of sales		<u>(4,733)</u>	<u>(4,194)</u>
GROSS PROFIT		1,587	1,304
Distribution costs		(165)	(175)
Administrative expenses		<u>(1,274)</u>	<u>(1,279)</u>
		148	(150)
Other operating income		<u>-</u>	<u>2</u>
OPERATING PROFIT/(LOSS)	6	148	(148)
Interest payable and similar expenses	7	<u>(46)</u>	<u>(37)</u>
PROFIT/(LOSS) BEFORE TAXATION		102	(185)
Tax on profit/(loss)	8	<u>6</u>	<u>22</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>108</u>	<u>(163)</u>

The notes form part of these financial statements

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Other Comprehensive Income
for the Year Ended 31 March 2020**

Notes	2020 £'000	2019 £'000
PROFIT/(LOSS) FOR THE YEAR	108	(163)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>108</u>	<u>(163)</u>

The notes form part of these financial statements

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Statement of Financial Position
31 March 2020**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	9	665	708
Tangible assets	10	1,052	1,163
		<u>1,717</u>	<u>1,871</u>
CURRENT ASSETS			
Stocks	11	2,283	2,056
Debtors	12	3,244	2,838
Cash at bank		35	53
		<u>5,562</u>	<u>4,947</u>
CREDITORS			
Amounts falling due within one year	13	(4,179)	(3,703)
NET CURRENT ASSETS		<u>1,383</u>	<u>1,244</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,100</u>	<u>3,115</u>
CREDITORS			
Amounts falling due after more than one year	14	(128)	(244)
PROVISIONS FOR LIABILITIES	18	(65)	(72)
NET ASSETS		<u>2,907</u>	<u>2,799</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,750	2,750
Retained earnings	20	157	49
SHAREHOLDERS' FUNDS		<u>2,907</u>	<u>2,799</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26th January 2021 and were signed on its behalf by:


I J Walker - Director


M Langford - Director

The notes form part of these financial statements

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Statement of Changes in Equity
for the Year Ended 31 March 2020**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	2,750	212	2,962
Changes in equity			
Total comprehensive income	-	(163)	(163)
Balance at 31 March 2019	2,750	49	2,799
Changes in equity			
Total comprehensive income	-	108	108
Balance at 31 March 2020	2,750	157	2,907

The notes form part of these financial statements

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Notes to the Financial Statements
for the Year Ended 31 March 2020**

1. STATUTORY INFORMATION

Tritech Precision Products (Yeovil) 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.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal place of business address is Buckland Road, Pen Mill Trading Estate, Yeovil, Somerset, BA21 5EF.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been rounded to thousands unless otherwise stated.

Going Concern

The directors have carefully considered the impact of Covid-19, and the steps taken to mitigate increased risks and uncertainties, on the company's current financial position, liquidity and future performance. Further information relating to events after the balance sheet date can be found in the post balance sheet events note to the financial statements.

As a consequence of the global pandemic's impact on the company's market, sales forecasts have been adjusted downwards and the directors have prepared detailed trading and cashflow forecasts extending to 31 March 2022 that reflect a lower level of anticipated activity and any known changes to estimated timing of future cashflows.

The forecasts are prepared on the assumptions that no significant capital expenditure will be necessary to support the expected level of activity, that a time to pay arrangement can be agreed with HMRC to repay deferred tax liabilities and that the bank will continue to support the company without any reduction to the overall current facilities available to the company. Further information regarding the significant assumptions and judgements made in assessing the going concern status can be found in the notes to the financial statements.

Based on the judgements made about anticipated bank support, the forecasts, and assumptions therein, the directors have a reasonable expectation that the company has sufficient access to bank facilities and cash resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

This information is included in the consolidated financial statements of Neterson Holdings Limited as at 31 March 2020 and these financial statements may be obtained from Bridge Road North, Wrexham Industrial Estate, Wrexham, Clwyd, LL13 9PS.

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

2: ACCOUNTING POLICIES - continued

Related party exemption

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 companies within the group.

Transactions with group entities not wholly owned within the group have been disclosed in the notes to the financial statements.

Turnover

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

Sale of goods

Turnover 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 turnover 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.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2015, is being amortised evenly over its estimated useful life of twenty years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 20% on cost and 10% on cost
Plant and machinery	- 50% on cost, 33.33% on cost, 20% on cost and 10% on cost
Fixtures and fittings	- 33.33% on cost, 20% on cost and 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33.33% on cost and 10% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment loss.

The residual values and useful lives of plant and machinery and motor vehicles are reviewed, and adjusted if appropriate, at the end of each reporting period if there are indicators of change. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

**Tritech Precision Products (Yeovil)
Limited (Registered number: 09432835)**

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

2. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Raw materials and bought in finished goods costs are calculated using the first-in, first-out method and include all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Work in progress and manufactured finished goods costs are calculated using a weighted average cost of sales method and include all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet these conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Debt instruments which meet the conditions for basic financial instruments are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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**Notes to the Financial Statements - continued
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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

In the director's opinion the critical judgements, apart from those involving the estimations dealt with separately below, that they have made in applying the company's accounting policies are as follows:

- Going concern

Since the balance sheet date the company has moved its banking relationship to a different provider. The new funding arrangement includes quarterly financial covenants, some of which have been in breach since the September 2020 test date. In addition, since March 2020, the company has deferred payment to HMRC of £413 thousand of PAYE/NIC and VAT liabilities and, under the Finance Act 2020, as of 1 December 2020 these creditors became preferential to the bank's floating charges, depleting the bank's security. The bank is fully aware of these matters and continues to support the company. Whilst the bank reserves its right to act upon the breach of covenants there is no current intention to remove any existing facility. The bank instead expects a new funding structure to be agreed, following a review of performance, that is likely to include the provision of a Coronavirus Business Interruption Loan (CBIL). In assessing the going concern status of the company the directors have prepared cash flow forecasts to 31 March 2022 that do not reflect any changes to the existing funding structure as, in their judgement, whilst the structure of future bank funding arrangements may be different, the overall current level of available facility will remain.

Furthermore, whilst the directors believe that receipt of a new CBIL would allow the company to repay its deferred PAYE and NIC liabilities to HMRC sooner, the cash flow forecast to 31 March 2022 assumes that a time to pay arrangement will be agreed over a 24 month period commencing January 2021. This arrangement has not yet been agreed, but the directors maintained discussion with HMRC throughout 2020 and are confident that a time to pay plan will be made available over a period of 24 months or longer.

The directors cannot guarantee with certainty the timing of future sales activity and have therefore prepared the cash flow forecast to 31 March 2022 using their conservative estimate of revenue which does not reflect any future improvement to the current market. In addition, whilst the cashflow forecast reflects cost savings arising from staff restructuring during 2020, it does not reflect any further cost savings that the directors anticipate could be achieved through other planned cost saving activities or any further head count reductions.

Having reviewed the forecasts and considered the anticipated level of support from the bank the directors have satisfied themselves that the company is able to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis in preparing the financial statements for the year ended 31 March 2020.

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**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

Key sources of estimation uncertainty

The directors consider that the key estimates and assumptions used in preparing the financial statements are as follows:

Valuation of work in progress:

Management value work in progress based on their knowledge and expertise of the products produced by the company. Each product is attributed to a 'mould category' for which estimates of the cost for such a mould have been produced historically. An average cost of sales figure for each 'mould category' was calculated in 2019, based on company financial data of the number of these products sold in the two years ended 31 March 2019, and a weighted average was applied to the actual cost of sales for the same period as the sales data to work out the weighted average cost of sales for each category of mould. This data was then used to calculate the average cost of a product being produced in a mould. On the assumption that there has been no significant change to the costs of production these values have been applied to the number of products that the company has in stock at the balance sheet date. Uncertainties in the estimated cost of each product relate to the assumption that production costs have not significantly changed and the allocation of the estimated weighted average cost of sales to each mould.

Stage of completion of work in progress:

Management also estimate the stage of completion for products in work in progress, based on their knowledge and expertise in the production process. Different stages of production are documented and a % stage of completion applied depending on the part of the process that the product is currently in. Uncertainties in the stage of completion of work in progress relate to the actual amount of work completed on a product at the year end, compared to the estimated % stage of completion applied.

Stock provisions:

Management do not have specific provisions for stock items. Instead, any stock over four years old is excluded from the stock valuation for accounts purposes. Management also regularly review stock for any items that require impairment down to a scrap value or writing off completely. Uncertainties relate to the estimated net realisable value of scrap and whether any stock over four years old actually has a realisable value.

Depreciation rates and estimated useful life of tangible fixed assets:

Management review the useful economic lives of depreciable assets at each reporting date as to allocate the cost of assets, less their residual value, over their estimated useful lives. Uncertainties in these estimates relate to the actual life of the tangible fixed assets.

Amortisation rates and estimated useful life on intangible fixed assets:

Management review the useful economic lives of amortisable assets at each reporting date as to allocate the cost of assets, less their residual value, over their estimated useful lives. Uncertainties in these estimates relate to the actual life of the intangible fixed assets.

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**Notes to the Financial Statements - continued
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4. TURNOVER

The turnover and profit (2019 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020 £'000	2019 £'000
United Kingdom	5,261	3,974
Europe	66	144
United States of America	965	1,365
Asia	27	17
	<u>6,319</u>	<u>5,500</u>

5. EMPLOYEES AND DIRECTORS

	2020 £'000	2019 £'000
Wages and salaries	2,280	2,141
Social security costs	194	189
Other pension costs	95	70
	<u>2,569</u>	<u>2,400</u>

The average number of employees during the year was as follows:

	2020	2019
Office and management	17	17
Manufacturing	70	62
	<u>87</u>	<u>79</u>

	2020 £	2019 £
Directors' remuneration	34,472	103,203
Directors' pension contributions to money purchase schemes	<u>3,182</u>	<u>9,243</u>

6. OPERATING PROFIT/(LOSS)

The operating profit (2019 - operating loss) is stated after charging/(crediting):

	2020 £'000	2019 £'000
Other operating leases	72	72
Depreciation - owned assets	160	153
Depreciation - assets on finance leases	58	102
Profit on disposal of fixed assets	-	(1)
Goodwill amortisation	43	44
Auditors' remuneration	11	8
Auditors' remuneration for non audit work	6	3
Foreign exchange differences	<u>7</u>	<u>(2)</u>

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**Notes to the Financial Statements - continued
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7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Bank loan interest	17	9
Interest on overdue tax	-	4
HMRC Interest payable	10	-
Hire purchase	19	24
	<u>46</u>	<u>37</u>

8. TAXATION

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2020	2019
	£'000	£'000
Deferred tax	(6)	(22)
Tax on profit/(loss)	<u>(6)</u>	<u>(22)</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£'000	£'000
Profit/(loss) before tax	<u>102</u>	<u>(184)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	19	(35)
Effects of:		
Expenses not deductible for tax purposes	-	3
Depreciation in excess of capital allowances	8	25
Change in rate of taxation	8	-
Deferred tax not provided for	(2)	-
Group relief (utilised)/ surrendered	(39)	7
Movement in deferred tax	<u>-</u>	<u>(22)</u>
Total tax credit	<u>(6)</u>	<u>(22)</u>

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**Notes to the Financial Statements - continued
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9. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1 April 2019 and 31 March 2020	866
AMORTISATION	
At 1 April 2019	158
Amortisation for year	43
At 31 March 2020	201
NET BOOK VALUE	
At 31 March 2020	665
At 31 March 2019	708

10. TANGIBLE FIXED ASSETS

	Improvements to property £'000	Plant and machinery £'000	Fixtures and fittings £'000
COST			
At 1 April 2019	50	1,821	16
Additions	98	98	1
At 31 March 2020	50	1,919	17
DEPRECIATION			
At 1 April 2019	7	740	9
Charge for year	5	192	3
At 31 March 2020	12	932	12
NET BOOK VALUE			
At 31 March 2020	38	987	5
At 31 March 2019	43	1,081	7

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**Notes to the Financial Statements - continued
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10. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST			
At 1 April 2019	56	38	1,981
Additions	8	8	107
At 31 March 2020	56	46	2,088
DEPRECIATION			
At 1 April 2019	34	28	818
Charge for year	10	8	218
At 31 March 2020	44	36	1,036
NET BOOK VALUE			
At 31 March 2020	12	10	1,052
At 31 March 2019	22	10	1,163

Fixed assets, included in the above, which are held under finance leases are as follows:

Plant and machinery with a Net Book Value of £366,000 (2019: £415,000).
Motor vehicles with a Net Book Value of £12,000 (2019: £23,000).

11. STOCKS

	2020 £'000	2019 £'000
Raw materials	323	362
Work-in-progress	1,049	934
Finished goods	911	760
	2,283	2,056

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	1,691	1,289
Amounts owed by group undertakings	1,482	1,482
Other debtors	13	-
Prepayments	58	67
	3,244	2,838

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13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£'000	£'000
Bank loans and overdrafts (see note 15)	1,439	1,115
Other loans (see note 15)	82	43
Finance leases (see note 16)	140	117
Trade creditors	874	876
Amounts owed to group undertakings	1,313	1,278
Social security and other taxes	91	149
VAT	107	23
Other creditors	10	33
Accrued expenses	123	69
	<u>4,179</u>	<u>3,703</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£'000	£'000
Bank loans (see note 15)	-	8
Finance leases (see note 16)	128	236
	<u>128</u>	<u>244</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£'000	£'000
Amounts falling due within one year or on demand:		
Bank overdrafts	1,439	1,106
Bank loans	-	9
Other loans	82	43
	<u>1,521</u>	<u>1,158</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	8
	<u>-</u>	<u>8</u>

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**Notes to the Financial Statements - continued
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16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2020	2019
	£'000	£'000
Gross obligations repayable:		
Within one year	151	132
Between one and five years	131	247
	<u>282</u>	<u>379</u>
Finance charges repayable:		
Within one year	11	15
Between one and five years	3	11
	<u>14</u>	<u>26</u>
Net obligations repayable:		
Within one year	140	117
Between one and five years	128	236
	<u>268</u>	<u>353</u>

The finance leases relate to the manufacturing equipment used in the company's manufacturing operations. There are no contingent rental or renewal clauses. There are option to purchase fees at the end of the contracts for nominal fees.

	Non-cancellable operating leases	
	2020	2019
	£'000	£'000
Within one year	79	73
Between one and five years	171	219
	<u>250</u>	<u>292</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£'000	£'000
Finance leases	268	353
Working capital finance	1,439	1,106
	<u>1,707</u>	<u>1,459</u>

The working capital finance account is secured by a charge over the debtor book.

Obligations under finance leases are secured by the assets to which they relate.

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18. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Deferred tax		
Accelerated capital allowances	67	72
Other timing differences	(2)	-
	<u>65</u>	<u>72</u>
		Deferred tax £'000
Balance at 1 April 2019		72
Credit to Income Statement during year		(7)
Balance at 31 March 2020		<u>65</u>

Deferred tax relates to accelerated capital allowances.

The net deferred tax liability is expected to reverse in 2022/23 when investment in capital expenditure by the group is expected to resume.

Other timing difference relate to deferred tax on amounts owed to pension schemes. These assets are expected to reverse in 2021.

19. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
2,750,000	Ordinary	£1	<u>2,750</u>	<u>2,750</u>

Ordinary shares are non-redeemable and rank equally for voting purposes, dividend declarations and any capital distribution on winding up.

20. RESERVES

	Retained earnings £'000
At 1 April 2019	49
Profit for the year	108
At 31 March 2020	<u>157</u>

Retained earnings represents the accumulated profits less accumulated losses and distributions up to the reporting date. This is a distributable reserve.

21. PENSION COMMITMENTS

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 total contributions payable during the year totalled £95,000 (2019 - £70,000). Contributions totalling £15,000 (2019 - £12,000) were payable to the fund at the balance sheet date.

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22. ULTIMATE PARENT COMPANY

The immediate parent company and parent company of the smallest group where group accounts are drawn up is Neterson Holdings Limited which is incorporated in the UK. Copies of the group accounts of Neterson Holdings Limited are available from Bridge Road North, Wrexham Industrial Estate, Wrexham, Clwyd, LL13 9PS.

The ultimate parent company and parent company of the largest group for which group accounts are drawn up is Chemical and Ferro Alloys Private Limited, a company incorporated in India. Copies of the group accounts of Chemical and Ferro Alloys Private Limited are available from Liberty Building, Sir Vithaldas Thackersey Marg, Mumbai, MH 400020 IN.

23. CONTINGENT LIABILITIES

The company has charges over its assets, in the form of an all assets debenture, as security for the borrowings of fellow group undertakings. At 31 March 2020 these borrowings amounted to £5,476,000 (2019 - £5,358,000). As at the date of approval of these financial statements the directors do not anticipate that the charges will be called upon.

24. RELATED PARTY DISCLOSURES

Transactions with entities under common control

During the year, the company made purchases from companies under common control of £70,000 (2019: £29,000). At the year end, the balance owing to this company was £39,000 (2019: £33,000).

During the year, the company was charged a management fee from a company under common control of £60,000 (2019: £60,000). At the year end, the balance owing to this company was £60,000 (2019: £50,000).

Transactions with other related parties

During the year, the company paid rent to a related party company of £30,000 (2019: £72,000). These companies ceased to be related parties during the year and so no related party balances existed at the balance sheet date. The balance owing to the related party company at the prior year end was £6,000.

During the year the company paid a total of £37,000 (2019 - £86,000) to close family members of key management personnel.

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25. POST BALANCE SHEET EVENTS

Whilst the Covid-19 pandemic commenced towards the end of March 2020, prior to the balance sheet date, the company did not suffer any significant financial impact until after that time, when the effects of the pandemic and restrictions imposed by governments around the world severely affected the markets in which the company operates. As a consequence of reduced activity levels sales forecasts for year ended 31 March 2021 have been reduced downwards to £4.8 million. The duration of the impact of the pandemic remains unclear at this time. The group continues to monitor the company and group's current financial position, liquidity and anticipated future performance. To date the group's response to the effects of the pandemic has included many and varied cost reduction and cash saving exercises being undertaken and planned across the whole Tritech group to reduce the cost base and minimise expected losses on reduced turnover levels. In addition, steps were taken to minimise the detrimental impact on working capital.

The following significant non-adjusting events have been identified in the period since 31 March 2020:

- In July 2020 the whole group successfully moved its banking relationship to a different provider, agreeing a facility with both smaller annual fees and lower interest rates. The arrangement included fixed and floating charges being given to the bank and a requirement to comply with quarterly financial covenants. Since the September 2020 test date some of the covenants have been in breach. Whilst the bank reserves its rights to act upon the covenant breach there is no evidence of any intention to remove the existing facility;
- The company has deferred PAYE/NIC and VAT payments to HMRC, which as at 31 December 2020 totalled £413 thousand. As of 1 December 2020 these creditors became preferential to the bank's floating charges;
- The company is utilising the UK Government's Coronavirus Job Retention Scheme, which generated grant income of £14 thousand in the period up to 31 December 2020.

In assessing the going concern status of the company the directors have prepared detailed trading and cashflow forecasts extending to 31 March 2022 and considered the anticipated level of bank support. Further information regarding the significant assumptions and judgements made in assessing the going concern status can be found in the notes to the financial statements.

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is F.D.Neterwala due to his controlling interest in the company's ultimate holding company, Chemical & Ferro Alloys Private Limited.