

**Sertec Corporation Limited**  
**Annual report and consolidated Financial Statements**  
**for the year ended 31 March 2018**

Registered number: 09989098



**Sertec Corporation Limited**

**Annual report and financial statements  
for the year ended 31 March 2018**

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## **Sertec Corporation Limited**

### **Group Strategic Report for the year ended 31 March 2018**

#### **Principal activities**

The principal activity is that of a holding company, for the Sertec Group of companies. The trading companies within the Group provide full-suite manufacturing services in and around stamping, robotics, welding, tooling, prototyping, design and associated metal forming technologies.

#### **Review of business**

The directors report that the combined Group continued its upward momentum on a turnover basis achieving a number of notable objectives during the year. These centred principally on new business wins and a positive movement in reducing core customer penetration.

During the course of the year one of the prime initiatives was to broaden the corporate experience with a number of senior hires targeted for their expertise to help us; enter new market / customer areas, increase our engineering skills and support high-end programme management. We can confirm all appointments were made in the period and each in their own way has begun to utilise their particular skill-sets allowing us to gain additional traction with customers and / or suppliers.

The system integration programme was initiated to legacy Wild Companies at both Witton and Redditch respectively and from this learning experience a comprehensive training plan has been developed to continue the roll-out in Hungary concluding in Germany in good order. The availability of consistent data profiling and system access is a benefit the entire business will share but we recognise this requires the appropriate resource and time consideration to succeed.

Our Capital spend whilst significant has scaled-down and having undergone a substantive upgrade programme across our major manufacturing units will now become more specific and directly linked to revenue generation. Productivity improvements have been registered as you would expect from our investments and whilst certain forecast volumes have not yet materialised we are confident we are now equipped to meet uplift opportunities.

Employment levels under Sertec tenure reached record levels in the year and whilst demand has softened and the headline numbers shrunk back we are still an employer of substance. That brings responsibility which we treat as a core value. Each of our various business units has its own individual training requirements but have a team that marries this up and utilises our internal training academy for consistency and shared experience. And, we now host an expanded list of courses beginning with a comprehensive induction session for new employees.

The Group is fortunate to have banking and funding partners who share and support our business ideals. This applies in all territories and we are pleased to report this has again been relevant this year as without exception all of the institutions we use have increased their support for the Group and this has allowed us to lay down the foundations for not only today's but for the next generation business. Given the movement in our sector towards vehicle electrification including hybrid technologies we feel we are ever-developing the right type of infrastructure to further grow our business in supporting these new work streams.

## Sertec Corporation Limited

### Group Strategic Report for the year ended 31 March 2018

#### Financial Key Performance Indicators

	12 m/e 31 March 2018 £000's	14 m/e 31 March 2017 <sup>1</sup> £000's
Turnover	273,490	262,264
Operating Profit	8,212	16,868
Profit before Tax	4,622	13,248
EBITDA	20,101	26,401

<sup>1</sup> Figures represent 14 months of Sertec trade plus 7 months legacy Wild Group.

#### Principal Risks and Uncertainties

The directors consider that the financial risks faced by the company and the group to be as follows:

##### Credit risk

The Group credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of provision for bad debt and doubtful receivables.

##### Cash flow and liquidity risk

The group consistently monitors all money movements and ensure that investment opportunities are held within liquidity parameters. The group's principal financial instruments comprise; bank positions Inc. Loans, CID, Debtors and creditors, HP and lease contracts. All loans are sourced with competitive tension and keen rates.

##### Reliance on key customer

Genuine efforts made to reduce this penetration met with good success. This position also tempered with the fact that whilst supply value to end customer is high the market and model spread is diverse. Significant new business wins made in both domestic and foreign territories allowing Sertec to be more selective in selecting the next opportunity.

##### Future developments

There is undoubtedly a move towards electrification in the automotive vehicle sector with most major OEM's committing time and resource to achieving the best fit solution. Legislation has been passed in varying degrees around the world which will limit emissions and this will promote further emphasis to alternative power sources with PHEV (petrol electric hybrid vehicles) and fully electric variants growing in number. This presents a tremendous opportunity for the Sertec Group as we can utilise our technologies to support both connectivity within the battery product itself and the floorspace in which it will be housed. We are already heavily engaged with leading research teams and institutions in helping to develop technical solutions to support the new market requirements and meet future standards.

**Future developments (continued)**

We cannot report on future aspiration without reference to Brexit and its potential implications to our business. There is as we know has a looming cut-off date and we are developing plans to meet "day-one-after" scenarios having taken considerable advise from industry affiliated bodies / customers and trading partners of significance as whatever the "deal outcome" we have to preserve our business recognising that as both an importer-exporter we will be affected. This is a picture that is constantly evolving but given our brand presence and facilities in Hungary and Germany in a post-Brexit environment we can commit to a degree of some business as usual within those EU territories. Things might not be so easy domestically but we remain hopeful that certain transitional arrangements will be put in place allowing markets over time to adjust naturally.

Approved by the board of directors and signed on its behalf by:



Martyn Hughes

Director

18<sup>th</sup> September 2018

## **Sertec Corporation Limited**

### **Directors' Report for the year ended 31 March 2018**

The directors present their report and the consolidated audited financial statements of the company for the year ended 31 March 2018.

#### **Future developments**

An indication of future developments of the business is included in the Strategic Report on page 1.

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Financial risk management**

Financial risk management is described in the Strategic Report on page 1 within the principal risks and uncertainties section.

#### **Directors**

The directors of the Company, who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

G W Adams  
M J Baunton  
I Downing  
M A Hughes  
D G C Steggles

#### **Directors indemnities**

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is an S234 qualifying provision for the purposes of the Companies Act 2006

#### **Research and development activities**

The Group committed to an ongoing programme of expenditure on automotive research and development projects.

#### **Employee Involvement**

The Group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal and informal meetings, which create a common awareness amongst employees of the financial and economic factors that impact the company. Where appropriate, employees are provided with incentives through remuneration policies that promote and encourage commitment and reward achievement. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

#### **Disabled Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## **Sertec Corporation Limited**

### **Directors' Report for the year ended 31 March 2018**

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group 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.

#### **Statement of disclosure of information to auditors**

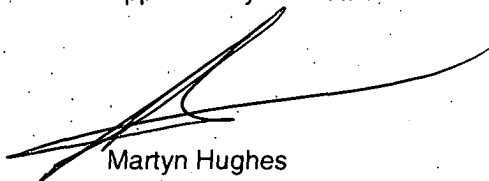
In the case of each of the persons who are directors at the time when this report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the board of directors and signed on their behalf by:



Martyn Hughes  
Director

16<sup>th</sup> September 2018

## Report on the audit of the financial statements

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### Opinion

In our opinion, Sertec Corporation Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and consolidated Financial Statements (the "Annual Report"), which comprise: Consolidated and Company balance sheet at 31 March 2018; Consolidated profit and loss account and statement of comprehensive income, Consolidated statement of cashflows, and the consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

- 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.



## **Independent auditors report to the members of Sertec Corporation Limited for the year ended 31 March 2018**

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of the Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or 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 an auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

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### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Neil Philpott', followed by a stylized flourish or cross at the end.

Neil Philpott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
18 September 2018

**Sertec Corporation Limited**

**Consolidated profit and loss account and statement of comprehensive income for the year ended 31 March 2018**

<b>Profit and loss account</b>	<b>Note</b>	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
<b>Turnover</b>	5	273,490	262,264
<b>Cost of sales</b>		(222,248)	(200,409)
<b>Gross profit</b>		51,242	61,855
<b>Administrative expenses</b>		(43,376)	(46,342)
<b>Other operating income</b>	6	346	1,355
<b>Operating profit</b>	7	8,212	16,868
<b>Interest receivable and similar income</b>		27	218
<b>Interest payable and similar expenses</b>		(3,617)	(3,838)
<b>Net interest expense</b>	9	(3,590)	(3,620)
<b>Profit before taxation</b>		4,622	13,248
<b>Tax on profit on ordinary activities</b>	10	(1,872)	(1,849)
<b>Profit for the financial year/period</b>		2,750	11,399

<b>Statement of comprehensive income</b>	<b>Note</b>	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
<b>Profit for the financial year/period</b>		2,750	11,399
<b>Foreign exchange movement</b>		455	(8)
<b>Fair value of cash flow hedge (derivatives)</b>		226	(534)
<b>Total comprehensive income for the year/period</b>		3,431	10,857

The notes on pages 14 to 44 form an integral part of these financial statements.

**Sertec Corporation Limited**  
**Consolidated and Company balance sheet at 31 March 2018**

		Group	Company	Group	Company
	Note	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Intangible assets	11	20,080	-	22,619	-
Tangible assets	12	71,401	-	62,873	-
Investments	13	-	50,403	-	50,403
		<b>91,481</b>	<b>50,403</b>	<b>85,492</b>	<b>50,403</b>
<b>Current assets</b>					
Inventories	14	17,227	-	15,495	-
Debtors: amounts falling due within one year	15	71,054	2,661	56,383	4,579
Cash at bank and in hand	16	7,466	-	3,827	-
		<b>95,747</b>	<b>2,661</b>	<b>75,705</b>	<b>4,579</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(98,890)</b>	<b>(14,524)</b>	<b>(77,214)</b>	<b>(8,846)</b>
<b>Net current assets/(liabilities)</b>		<b>(3,143)</b>	<b>(11,863)</b>	<b>(1,509)</b>	<b>(4,267)</b>
<b>Total assets less current liabilities</b>		<b>88,338</b>	<b>38,540</b>	<b>83,983</b>	<b>46,136</b>
Creditors: amounts falling due after more than one year	18	(48,777)	(21,399)	(48,076)	(26,680)
Provisions for liabilities	21	(3,522)	-	(3,299)	-
<b>Net assets</b>		<b>36,039</b>	<b>17,141</b>	<b>32,608</b>	<b>19,456</b>
<b>Capital and reserves</b>					
Called up share capital	22	14	14	14	14
Share premium		21,737	21,737	21,737	21,737
Other reserves	23	139	-	(542)	-
Profit and loss account		16,464	(2,295)	13,694	-
Profit and loss account – Company for the year		(2,315)	(2,315)	(2,295)	(2,295)
Total profit and loss account		14,149	(4,610)	11,399	(2,295)
<b>Total equity</b>		<b>36,039</b>	<b>17,141</b>	<b>32,608</b>	<b>19,456</b>

The notes on pages 14 to 44 are an integral part of these financial statements.

The financial statements on pages 9 to 44 were authorised for issue by the board of directors on September 2018 and were signed on its behalf by:

  
Martyn Hughes  
Director

Registered no. 09989098

**Sertec Corporation Limited**  
**Consolidated statement of changes in equity**  
**for the year ended 31 March 2018**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 5 February 2016	-	-	-	-	-
Share issues	14	21,737	-	-	21,751
Profit for the period	-	-	-	11,399	11,399
Capital and reserves – Cash flow hedge reserve	-	-	(534)	-	(534)
Capital and reserves – Foreign currency reserve	-	-	(8)	-	(8)
<b>Balance as at 31 March 2017</b>	<b>14</b>	<b>21,737</b>	<b>(542)</b>	<b>11,399</b>	<b>32,608</b>
Profit for the year	-	-	-	2,750	2,750
Capital and reserves – Cash flow hedge reserve	-	-	226	-	226
Capital and reserves – Foreign currency reserve	-	-	455	-	455
<b>Balance as at 31 March 2018</b>	<b>14</b>	<b>21,737</b>	<b>139</b>	<b>14,149</b>	<b>36,039</b>

The notes on pages 14 to 44 are an integral part of these financial statements.

**Sertec Corporation Limited**  
**Company statement of changes in equity**  
**for the year ended 31 March 2018**

	<b>Called-up share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance as at 5 February 2016	-	-	-	-
Share issues (note 22)	14	21,737	-	21,751
Total comprehensive expense for the period	-	-	(2,295)	(2,295)
<b>Balance as at 31 March 2017</b>	<b>14</b>	<b>21,737</b>	<b>(2,295)</b>	<b>19,456</b>
Total comprehensive expense for the year	-	-	(2,315)	(2,315)
<b>Balance as at 31 March 2018</b>	<b>14</b>	<b>21,737</b>	<b>(4,610)</b>	<b>17,141</b>

The notes on pages 14 to 44 are an integral part of these financial statements.

**Sertec Corporation Limited**  
**Consolidated statement of cashflows**  
**for the year ended 31 March 2018**

	Note	Year ended 31 March 2018 £000	Period from 5 February 2016 to 31 March 2017 £000
<b>Cash flows from operating activities</b>	24	<b>14,898</b>	<b>35,941</b>
Taxation paid		(618)	(849)
<b>Net cash generated from operating activities</b>		<b>14,280</b>	<b>35,092</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible assets		(9,654)	(6,551)
Purchase of subsidiary undertakings		(1,600)	(30,568)
Net of cash acquired		-	(10,490)
Sale of tangible assets		733	-
Government grants received		346	1,355
Interest received		27	218
<b>Net cash used in investing activities</b>		<b>(10,148)</b>	<b>(46,036)</b>
<b>Cash flow from financing activities</b>			
New loans		2,964	28,681
Repayment of loans		(1,374)	(17,752)
Repayment of finance lease liability		(6,502)	(7,053)
Interest paid		(3,617)	(3,839)
<b>Net cash from financing activities</b>		<b>(8,529)</b>	<b>37</b>
Decrease in cash and cash equivalents		(4,397)	(10,907)
Cash and cash equivalents at beginning of year/period		(10,907)	-
<b>Cash and cash equivalents at end of year/period:</b>			
Cash at bank and in hand		7,466	3,827
Bank overdrafts		(22,770)	(14,734)
<b>Total cash and cash equivalents at end of year/period</b>	16	<b>(15,304)</b>	<b>(10,907)</b>

The notes on pages 14 to 44 are an integral part of these financial statements.

**Sertec Corporation Limited**  
**Notes to the financial statements**  
**for the year ended 31 March 2018**

**1 General Information**

Sertec Corporation Limited ("the Company"), registered no. 09989098, is a privately-held holding company, limited by shares, incorporated for the Sertec Group of companies and is incorporated in England and Wales under the Companies Act. The address of the registered office is Wincaster House, Gorsey Lane, Coleshill, Birmingham, West Midlands, B46 1JU.

The Group's operations are that of general engineering. Further information regarding the Group's activities have been included within the strategic report.

**2 Statement of compliance**

The consolidated and company financial statements of Sertec Corporation Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

**3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of preparation**

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its individual profit and loss account.

**Going concern**

The Financial Statements have been prepared on a going concern basis, which the Directors believe to be appropriate.

The Directors have formed a judgement at the time of approving the financial statements that the Company has adequate resources available to continue operating and to discharge all financial obligations as they fall due for the foreseeable future from the date of approval of the financial statements.



**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**Exemptions for qualifying entities under FRS102**

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions in its individual financial statements:

- i. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- ii. the requirements of Section 3 Financial Statement Presentation Paragraph 3.17(d).
- iii. the requirements of Section 11 Financial Instruments Paragraph 11.39 to 11.48A and Section 12 Other Financial Instruments Paragraph 12.26 to 12.29.

This information is included in these consolidated financial statements.

**Subsidiary company audit exemption**

For the year ending 31 March 2018, Sertec Group Limited (Registered number: 08259929), AWC Industries Limited (Registered number: 04753559), and Sertec Group Holdings Limited (Registered number: 02957238) was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Basis of consolidation**

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March 2018.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

**Foreign currency**

*i. Functional and presentation currency*

The Group and Company financial statements are presented in pound sterling and rounded to thousands.

The Group's and Company's functional and presentation currency is the pound sterling.

*ii. Transactions and balances*

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

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

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

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises revenue from the sale of goods when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met, as described below.

The Group recognises revenue from the sale of tooling on a stage of completion basis based on the proportion of costs incurred to date compared to the estimated total costs.

**Employee benefits**

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

*i. Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

*ii. Defined contribution pension plan*

The Group operates a number of defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance

**Taxation**

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

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

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

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

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

### **Business combinations and Goodwill**

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination. Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

### **Tangible assets**

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

At each reporting date the Company assess whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using straight line and reducing balance methods.

Depreciation is provided on the following basis:

Leasehold improvements	- 4%-10% straight line basis
Plant and machinery	- 12% reducing balance, 5-10% straight line basis
Motor vehicles	- 25% reducing balance
Fixtures, fittings and computers	- 10%-20% straight line
Freehold property	- 2% straight line

**Tangible assets (continued)**

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Profit and loss account.

**Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

The estimated useful lives range as follows:

Goodwill - 10% straight line

Customer relationships – 10 % straight line

**Inventories**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a standard cost basis. Work in progress and finished goods include an element of labour cost, operations cost and general overheads costs. The labour charge is apportioned on a time spent basis using a standard cost which is based on the difficulty of the process and the machine used. Operation and general costs are apportioned based on the machine and the product being produced.

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

**Leased assets: Lessee**

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

*Finance leased assets*

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is at the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

*Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Sertec Corporation Limited**  
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**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**Investment - Company**

Investments in subsidiary companies are held at cost less accumulated impairment losses.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Creditors**

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

**Other operating income**

*Research and Development Expenditure Credits*

Other operating income represents Research and Development Expenditure Credits receivable which are recognised in income on an accruals basis, when they can be accurately measured.

*Government grants*

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**Borrowing costs**

Borrowing costs arising on financial instruments are treated as a deduction from the amount of the principal advance and amortised over the period of the financial instrument.

Other borrowing costs are recognised in the Profit and loss account in the period in which they are incurred.

**Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**Sertec Corporation Limited**  
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**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Provisions and contingencies**

*Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

**Financial instruments**

The Group has adopted Sections 11 and 12 of FRS102 in respect of financial instruments.

*Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

*Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### **Financial instruments (Continued)**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### **Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Related party transactions**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

**4 Critical accounting judgements and estimation uncertainty**

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial period include:

- The fair value of customer relationships recognised on the acquisition of Sertec Group Limited involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of fair values requires the combination of assumptions including revenue growth, taxation and the use of discount rates.
- The recognition of tooling revenues by the group require judgment to be made as to the certainty over which revenues are recoverable. The group recognises tooling revenues on a stage of completion basis based on the proportion of costs incurred to date compared to the estimated total costs. This is calculated on a group of contracts basis in order to best reflect the substance of the contracts. The estimation of total costs and profit margin are deemed to be management estimates at the year-end.
- Tangible and intangible assets are recognised at cost, less accumulated depreciation, amortisation and any impairments. Amortisation and depreciation take place over the estimated useful life, down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.
- The cost of inventory and associated provisioning are considered regularly. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.
- The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.



**Sertec Corporation Limited**  
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**for the year ended 31 March 2018**

**5 Turnover**

Analysis of turnover by country of destination:

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
United Kingdom	<b>207,748</b>	231,033
Rest of Europe	<b>59,501</b>	27,612
Rest of the world	<b>6,241</b>	3,619
	<b>273,490</b>	262,264

Analysis of turnover by class of business:

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Sale of goods	<b>246,252</b>	246,378
Tooling	<b>27,238</b>	15,886
	<b>273,490</b>	262,264

**6 Other operating income**

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Government grants	<b>346</b>	1,355
	<b>346</b>	1,355

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
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**7 Operating profit**

Operating profit is stated after charging:

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Impairment of trade receivables	471	8
Depreciation of tangible assets	8,929	6,650
Amortisation of intangible assets (excluding Goodwill)	988	1,153
Amortisation of goodwill	1,551	1,620
Amortisation of debt fees	37	110
Inventory recognised as an expense	192,357	120,053
Impairment of inventory included in cost of sales	-	94
Loss of disposals of fixed assets	392	234
Foreign exchange losses	102	1,488
Other operating lease rentals	1,534	1,423
Cost of defined contribution scheme	762	961
<b>Fees payable to company's auditors:</b>		
Company audit	10	10
Subsidiary audit	71	69
Taxation compliance services	14	14
All other taxation advisory services	47	16
Other non-audit services	19	401

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
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**8 Employees and employee benefits**  
**(a) Employees**

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Wages and salaries	54,665	49,113
Social security costs	5,380	4,446
Other pension costs	762	961
<b>Staff costs</b>	<b>60,807</b>	<b>54,520</b>

The average monthly number of persons (including executive directors) employed by the group during the year/period was:

<b>By activity</b>	<b>Year ended 31 March 2018 No.</b>	<b>Period from 5 February 2016 to 31 March 2017 No.</b>
Production	1,891	1,798
Administration	295	292
Directors	5	5
	<b>2,191</b>	<b>2,095</b>

**(b) Directors**

The directors' emoluments were as follows:

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Directors' remuneration	582	760
Directors' pension contributions to money purchase pension schemes	76	48

The highest paid director received remuneration of £204,000 (period ended 31 March 2017: £203,000).  
The highest paid director exercised no share options in the year (2017: none).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £32,000 (period ended 31 March 2017: £16,000).

Key management personnel are deemed to only be the Group's Directors.

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
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**9 Net interest expense**

<b>Interest receivable and similar income</b>	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Other interest receivables	27	218
<b>Total interest receivable and similar income</b>	<b>27</b>	<b>218</b>
<b>Interest payable and similar expenses</b>	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Bank interest payable	196	232
Other loan interest payable	2,509	2,542
Finance leases and hire purchase contracts	639	908
Other interest payable	273	156
<b>Total interest payable and similar expenses</b>	<b>3,617</b>	<b>3,838</b>
<b>Net interest expense</b>	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Total interest receivable and similar income	27	218
Total interest payable and similar expenses	(3,617)	(3,838)
<b>Net interest expense</b>	<b>(3,590)</b>	<b>(3,620)</b>

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**10 Income tax**

**Tax expense included in profit or loss**

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Current tax:		
UK Corporation tax on profit for the year/period	<b>1,917</b>	<b>2,238</b>
Adjustments in respect of the previous period	<b>(130)</b>	<b>(423)</b>
	<b>1,787</b>	<b>1,815</b>
Deferred tax:		
Current year movement	<b>170</b>	<b>324</b>
Effect of changes in tax rates	<b>(9)</b>	<b>(292)</b>
Adjustments in respect of the previous period	<b>(76)</b>	<b>2</b>
	<b>85</b>	<b>34</b>
<b>Tax on profit</b>	<b>1,872</b>	<b>1,849</b>

**Tax expense included in other comprehensive income**

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Deferred tax on derivative financial instruments	<b>86</b>	<b>-</b>
	<b>86</b>	<b>-</b>

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**10 Income tax (continued)**

**Reconciliation of tax charge**

Tax assessed for the year is higher (period ended 31 March 2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2018 of 19% (period ended 31 March 2017: 20%). The differences are explained below:

	<b>Year ended 31 March 2018 £000</b>	<b>Period from 5 February 2016 to 31 March 2017 £000</b>
Profit before tax	<b>4,622</b>	<b>13,248</b>
Profit multiplied by the standard rate of tax in the UK of 19% (period ended 31 March 2017: 20%)	<b>878</b>	<b>2,650</b>
Expenses not deductible for tax purposes	<b>562</b>	<b>498</b>
Income not subject to tax	<b>(99)</b>	<b>(47)</b>
Fixed asset differences	<b>-</b>	<b>(33)</b>
Utilisation of b/f losses	<b>-</b>	<b>42</b>
Adjustments in respect of the previous period	<b>(206)</b>	<b>(421)</b>
Effects of other tax rates/credits	<b>(46)</b>	<b>(307)</b>
Deferred tax not provided for	<b>641</b>	<b>(292)</b>
Other items	<b>142</b>	<b>(235)</b>
<b>Tax charge for the year/period</b>	<b>1,872</b>	<b>1,849</b>

**Tax rate changes**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Sertec Corporation Limited**  
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**11 Intangible assets**

**Group**

	<b>Customer Relationships £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 April 2017	9,887	15,505	25,392
Additions	-	-	-
At 31 March 2018	9,887	15,505	25,392
<b>Accumulated amortisation and impairment</b>			
At 1 April 2017	1,153	1,620	2,773
Amortisation charge for the year	988	1,551	2,539
At 31 March 2018	2,141	3,171	5,312
<b>Net book value</b>			
At 31 March 2018	7,746	12,334	20,080
At 31 March 2017	8,734	13,885	22,619

The intangible asset related to customer relationships was acquired as part of the business combination with the legacy Sertec Group. The intangible asset has a remaining amortisation period of 8 years.

**Company**

No intangible assets are held by the company.

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
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**12 Tangible assets**

<b>Group</b>	<b>Land and buildings £000</b>	<b>Leasehold improve- ments £000</b>	<b>Plant and machinery £000</b>	<b>Motor Vehicles £000</b>	<b>Fixtures and fitting £000</b>	<b>Total £000</b>
<b>Cost</b>						
At 1 April 2017	15,613	3,044	82,768	50	12,176	113,651
Additions	1,029	434	15,280	-	1,716	18,459
Disposals	(116)	-	(2,087)	(3)	(242)	(2,448)
Foreign exchange differences	61	-	50	-	12	123
At 31 March 2018	16,587	3,478	96,011	47	13,662	129,785
<b>Accumulated depreciation and impairment</b>						
At 1 April 2017	6,278	646	35,484	50	8,320	50,778
Depreciation	425	233	6,471	-	1,800	8,929
Disposals	(45)	-	(1,058)	(3)	(217)	(1,323)
At 31 March 2018	6,658	879	40,897	47	9,903	58,384
<b>Net book value</b>						
At 31 March 2018	9,929	2,599	55,114	-	3,759	71,401
At 31 March 2017	9,335	2,398	47,284	-	3,856	62,873

The net book value of land and buildings may be further analysed as follows:

	<b>2018 £000</b>
Freehold	<b>4,681</b>
Long leasehold	<b>5,248</b>
	<b>9,929</b>



**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
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**12 Tangible assets (continued)**

The net carrying amount of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2018 £000</b>
Leasehold improvements	<b>229</b>
Plant and machinery	<b>26,281</b>
Fixtures and computers	<b>571</b>
	<b>27,081</b>

**Company**

No (2017: no) tangible assets are held in the company.

**13 Investments**

**Group**

No (2017: no) investments are held in the Group.

**Company**

**Shares in  
group  
undertaking**

**Cost and carrying amount**

At 1 April 2017 and 31 March 2018	<b>50,403</b>
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**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
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**14 Inventories**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Raw materials and consumables	<b>2,998</b>	-	2,498	-
Work in progress	<b>7,082</b>	-	6,108	-
Finished goods and goods for resale	<b>7,147</b>	-	6,889	-
	<b>17,227</b>	-	15,495	-

There is no significant difference between the replacement cost of inventories and their carrying amounts.

Group inventories are stated after provisions for impairment of £741,552 (2017: £248,000). Company inventories are stated after provisions for impairment of £nil (2017: £nil).

**15 Debtors**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	<b>64,980</b>	-	47,860	-
Other debtors	<b>2,232</b>	<b>842</b>	742	-
Amounts owed by group undertakings	-	<b>1,819</b>	-	4,579
Deferred taxation	-	-	-	-
Prepayments and accrued income	<b>3,842</b>	-	7,781	-
	<b>71,054</b>	<b>2,661</b>	56,383	4,579

Group trade debtors are stated after provisions for impairment of £556,000 (2017: £380,000). Company trade debtors are stated after provisions for impairment of £nil (2017: £nil).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Sertec Corporation Limited**  
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**16 Cash and cash equivalents**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	7,466	-	3,827	-
Less: bank overdrafts	(22,770)	-	(14,734)	-
	<b>(15,304)</b>	<b>-</b>	<b>(10,907)</b>	<b>-</b>

**17 Creditors: amounts falling due within one year**

	<b>Note</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
		<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors		47,858	-	37,612	-
Bank overdrafts	16	22,770	-	14,734	-
Bank loans		3,817	-	2,100	-
Other loans		4,187	4,800	888	800
Directors' loans		1,557	-	2,677	-
Amounts owed to group undertakings		-	9,542	-	7,999
Corporation tax		3,443	-	2,274	-
Other taxation and social security		4,456	182	1,121	-
Obligations under finance lease and hire purchase contracts	19	7,530	-	7,890	-
Other creditors		1,859	-	5,349	34
Accruals and deferred income		1,413	-	2,569	13
		<b>98,890</b>	<b>14,524</b>	<b>77,214</b>	<b>8,846</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Group bank overdraft relates to an invoice discounting liability of £22,770,000 (2017: £14,734,000) which is secured on the debts to which it relates.

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
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**18 Creditors: amounts falling due after more than one year**

	Note	Group	Company	Group	Company
		2018 £000	2018 £000	2017 £000	2017 £000
Bank loans		5,021	-	4,623	-
Other loans		20,771	21,399	25,075	26,680
Finance leases and hire purchase contracts	19	20,036	-	16,861	-
Other Creditors		1,058	-	1,274	-
Accruals and deferred income		1,891	-	243	-
		<b>48,777</b>	<b>21,399</b>	<b>48,076</b>	<b>26,680</b>

**Loans**

Bank loans include letters of credit totalling £4,157,000 (2017: £1,515,000).

Bank loans include a loan of £2,366,000 (2017: £2,500,000) which is presented net of deal fees of £163,000 (2017: £163,000). This loan is secured against property within the group, attracts interest at a rate of LIBOR+1.5% per annum and repayable by August 2021. £179,000 (2017: £nil) of this loan is repayable within 1 year.

Bank loans included a loan of €2,750,000 (2017: €3,250,000) which is secured on property to which it relates and attracts interest at rates between EURIBOR+1.9% and EURIBOR+2.5% per annum. £500,000 (2017: €500,000) of this loan is repayable within 1 year.

Other loans include the following:

£15,000,000 (2017: £15,000,000) (par value) loan which is unsecured, attracts interest at 10% per annum and repayable by August 2024.

£9,500,000 (2017: £9,500,000) (par value) loan stock which is unsecured attracts interest at 6.5% per annum and repayable by March 2020. £4,000,000 (2017: £nil) is repayable within 1 year.

£1,200,000 (2017: £2,000,000) loan stock which is unsecured, attracts interest at 5% per annum and repayable by August 2019. £800,000 (2017: £800,000) is repayable within 1 year.

Other loans are presented net of deal fees of £962,000 (2017: £999,000).

Included within other loans are loan accounts with other directors within the group. These amounts total £70,000 (2017: £89,000) are unsecured, interest free and repayable on demand.

Directors' loan accounts for directors of Sertec Corporation Limited total £1,557,000 (2017: £1,630,000) are unsecured, incur interest based on LIBOR and repayable on demand.

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**19 Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	<b>7,530</b>	-	7,890	-
Between one and five years	<b>20,036</b>	-	16,861	-
	<b>27,566</b>	-	24,751	-

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**20 Financial instruments**

**Group**

The group has the following financial instruments:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Financial assets measured at undiscounted amount receivable	<b>70,932</b>	52,429

Financial assets measured at undiscounted amount receivable comprise cash at bank and in hand, trade debtors; amounts owed by group undertakings and other debtors.

Financial liabilities measured at undiscounted amount payable	<b>137,299</b>	33,906
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Financial liabilities measured at undiscounted amount payable comprise bank overdrafts, bank loans, other loans, trade creditors, amounts owed to group undertakings, obligations under finance lease and hire purchase contracts and other creditors.

Financial liabilities measured at fair value through other comprehensive income	<b>242</b>	425
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Financial liabilities measured at fair value through other comprehensive income include derivative financial instruments.

**Derivative financial instruments – Forward contracts**

In order to hedge against currency risk the Group takes out forward contracts. At 31 March 2018 the Group had in place a number of foreign currency forward contracts with Lloyds Bank plc that expire in November 2018. The foreign currency hedge has identical critical terms to the items in which they are hedged against and is highly effective thereby qualifying for hedge accounting.

**Company**

The company has taken advantage of the exemption, under Financial Reporting Standard FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', from providing certain disclosures in relation to financial instruments.

## **21 Provisions for liabilities**

### **Deferred tax**

	<b>Group</b>	<b>Company</b>
At 1 April 2017	<b>2,160</b>	-
Transferred on acquisition	-	-
Adjustments in respect of prior periods	<b>9</b>	-
Charged to the profit and loss account and other comprehensive income	<b>162</b>	-
<b>At 31 March 2018</b>	<b>2,331</b>	-

The (asset)/ provision is made up as follows:

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>2,220</b>	-	2,057	-
Short term timing differences	<b>25</b>	-	26	-
Losses	<b>17</b>	-	-	-
Other items	<b>69</b>	-	91	-
<b>Total deferred tax provision</b>	<b>2,331</b>	-	<b>2,174</b>	-

### **Other provision**

	<b>Dilapidation</b>	<b>Other</b>
At 1 April 2017	<b>1,125</b>	-
Amounts charged/(credited) through the profit and loss account	<b>(231)</b>	<b>297</b>
<b>At 31 March 2018</b>	<b>894</b>	<b>297</b>

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to the profit and loss as the obligation arises. The provision is expected to be utilised at the end of the respective leases between 2024 and 2038.

Other provisions relate to numerous smaller provisions held across the Group.

The company does not have any other provisions for liabilities (2016: £nil).

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**22 Share capital**

<b>Allotted, issued and fully paid:</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>At 1 April 2017 and 31 March 2018</b>	<b>13,992</b>	<b>13,992</b>

The share capital allotted, issued and fully paid at 31 March 2018 is split between a number of different classes of share as follows:

	<b>Nominal value</b>	<b>Number</b>	<b>2018</b>	<b>2017</b>
			<b>£</b>	<b>£</b>
Class A1 shares	£0.10	100,000	10,000	10,000
Class A2 shares	£0.10	10,000	1,000	1,000
Class B shares	£0.10	5,950	595	595
Class C Shares	£0.10	23,970	2,397	2,397

The rights attached to each class of share are as follows:

Class A1 – Each share has full rights in the company with respect to voting, dividends and distributions.

Class A2 – Each share has full rights in the company with respect to voting, dividends and distributions.

Class C – Each share has full rights to any dividend declared in respect of this class of shares. Each share is entitled to participate in a return of capital once the equity shares (defined as Class A1, A2, B and Ordinary shares) have been allocated an amount of at least £500,000,000 (2017: £500,000,000). The C class of shares shall carry 5% of the total voting rights of the company's issued share capital.

Class B – Each share has full rights in respect of voting and dividends. On a return of capital or other distribution, each B ordinary share shall be entitled to its pro rata share of the growth value of the business.



**23 Other Reserves**

**Group**

The other reserves are made up as follows:

	<b>Group</b>
Foreign exchange reserve	<b>447</b>
Cash flow hedging reserve	<b>(308)</b>
<b>At 31 March 2018</b>	<b>139</b>

**Foreign exchange reserve**

This comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

**Cash flow hedging reserve**

The cash flow hedging reserve arises from changes in the fair value of the forward exchange contracts held by the company that are designated against hedged items.

**Company**

The company does not have any other reserves.

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**24 Notes to the cash flow statement**

<b>Reconciliation of profit before taxation to cash generated from operations</b>	<b>2018 £000</b>	<b>2017 £000</b>
Operating profit for the financial year/period	<b>8,212</b>	16,868
Depreciation charges	<b>8,929</b>	6,650
Amortisation charges – Intangible assets	<b>2,539</b>	2,773
Amortisation of debt fees	<b>37</b>	110
Loss on disposal on tangible assets	<b>392</b>	234
Government grants	<b>(346)</b>	(1,355)
Foreign exchange	<b>399</b>	328
(Increase)/Decrease in inventories	<b>(1,732)</b>	52
(Increase)/Decrease in trade and other debtors	<b>(14,671)</b>	3,292
(Decrease)/Increase in trade and other creditors	<b>11,139</b>	6,989
<b>Cash flows from operating activities</b>	<b>14,898</b>	35,941

**25 Capital and other commitments**

**Group**

*(a) Capital Commitments*

At 31 March 2018 the group had the following capital commitments:

	<b>2018 £000</b>	<b>2017 £000</b>
Contracts for future capital expenditure not provided in the financial statements – property, plant and equipment	<b>2,874</b>	7,083

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**25 Capital and other commitments (continued)**

*(b) Operating lease commitments*

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

<b>Land and Buildings</b>	<b>2018 £000</b>	<b>2017 £000</b>
Payments due:		
Not later than one year	<b>3,263</b>	3,123
Later than one year and not later than five years	<b>9,766</b>	9,264
Later than five years	<b>33,181</b>	36,222
	<b>46,210</b>	48,609

<b>Other</b>	<b>2018 £000</b>	<b>2017 £000</b>
Payments due:		
Not later than one year	<b>1,229</b>	807
Later than one year and not later than five years	<b>3,241</b>	903
Later than five years	<b>183</b>	18
	<b>4,653</b>	1,728

*(c) Pension commitments*

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The other pension costs charge of £762,000 (14 months ended 31 March: £961,000) represents contributions paid by the group to the fund. Contributions totalling £121,000 (2017: £70,000) were payable to the fund at the balance sheet date and are included within creditors.

**Company**

At 31 March 2018 the company had no (2017: no) capital commitments or non-cancellable operating lease commitments.

**26 Contingent Liabilities**

The debts of the group are secured against the assets of the group.

**27 Related party transactions**

**Group**

The following balances are owed by the group to directors of the company as at 31 March 2018:

G Adams: £545,000 (2017: £1,301,000)

M Hughes: £1,002,000 (2017: £1,279,000)

D Steggles: £10,000 (2017: £96,000)

The following balances are owed by the group to shareholders of the group as at 31 March 2018:

G R Mosedale: £48,000 (2017: £61,000)

R A Jessop: £25,000 (2017: £31,000)

The following balances are owed by shareholders to the group as at 31 March 2018:

C G Mosedale: £1,000 (2017: £nil)

The following balances are owed by directors within the group to the group as at 31 March 2018:

S Morley: £2,000 (2017: £2,000)

P Pugh: £nil (2017: £2,000)

**Company**

The company has taken advantage of exemption, under the Financial Reporting Standard FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**28 Controlling parties**

There is no ultimate controlling party.

**Sertec Corporation Limited**  
**Notes to the financial statements - continued**  
**for the year ended 31 March 2018**

**29 Subsidiaries and related undertakings**

The list of subsidiaries and other related is as follows:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>Type and percentage of shares held</b>	<b>Nature of business</b>
<i>Direct subsidiaries</i>			
Sertec Group Limited (1)	England & Wales	100% ordinary shares	Intermediate holding company
<i>Indirect subsidiaries</i>			
Sertec Group Holdings Limited (1)	England & Wales	100% ordinary shares	Intermediate holding company
Sertec Light Stampings Limited (1)	England & Wales	100% ordinary shares	General engineering
Sertec Aluminium Structures Limited (1)	England & Wales	100% ordinary shares	General engineering
Sertec Auto Structures (UK) Limited (1)	England & Wales	100% ordinary shares	General engineering
Sertec Engineering Estonia OU (1)	Estonia	100% ordinary shares	Non-trading
AWC Industries Limited (1)	England & Wales	100% ordinary shares	Intermediate holding company
Sertec Springs & Wireforms Limited (1)	England & Wales	100% ordinary shares	Manufacturer of precision presswork
Sertec Precision Components Limited (1)	England & Wales	100% ordinary shares	Manufacturer of springs, wireforms and seat assemblies
Sertec Fine Blanking GmbH (2)	Germany	100% ordinary shares	Manufacturer of fine blanked components
Sertec Auto Structures Property Kft (3)	Hungary	100% ordinary shares	Property holding company
Sertec Auto Structures (Hungary) Bt. (3)	Hungary	100% ordinary shares	Manufacturer of general pressings and welded assemblies

**29 Subsidiaries and related undertakings (continued)**

(1) The registered address of these companies is Wincaster House, Gorséy Lane, Coleshill, Birmingham, West Midlands, B46 1JU.

(2) The registered address of this company is Bockhackerstrasse, D-42499, Hückeswagen.

(3) The registered address of these companies is 2881. Aszar, Koztarsasagut 15A, Hungary.