

AGEMA ENGINEERING LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Burrows Scarborough Limited
(Statutory Auditor)
Sovereign House
12 Warwick Street
Coventry
CV5 6ET

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FOR THE YEAR ENDED 31 MARCH 2022

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AGEMA ENGINEERING LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022

DIRECTORS:	J F E Stringer J Stringer
SECRETARY:	J Stringer
REGISTERED OFFICE:	21 Bayton Road Bayton Road Industrial Estate Exhall Coventry West Midlands CV7 9EL
REGISTERED NUMBER:	02072649 (England and Wales)
AUDITORS:	Burrows Scarborough Limited (Statutory Auditor) Sovereign House 12 Warwick Street Coventry CV5 6ET
BANKERS:	Barclays Leicester LE87 2BB

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their strategic report for the year ended 31 March 2022.

REVIEW OF BUSINESS

Turnover for the year decreased by 3.4% from £11.1m to £10.8m (2021 decrease of 12.7%).

Sales of moulded products declined by 13.9% to £7.9m (2021 decrease of 16.5%) with tooling sales increasing by 73.0% to £2.8m (2021 decrease of 5.6%). A number of significant model changes took place during the year and the ramp-up on new models has been slower than anticipated.

The Covid 19 pandemic continues to have a negative affect on turnover. During the year the company has been impacted by supply chain disruptions caused by a global shortage of semi-conductors which form an integral component in the manufacture of motor vehicles. During the pandemic many automotive manufacturers drastically scaled back their requirements for semi-conductors whilst at the same time other semi-conductor customers in high-tech industries were encountering increased demand. As global economies restarted post national lockdowns the automotive industry found itself constrained by a lack of semi-conductors as capacity had been diverted to other industries. This resulted in highly erratic scheduling and reduced product volumes from our customers.

Uncertainty regarding the future trading relationship with the EU post Brexit continued to be a negative factor during the year with export sales declining by 20% to £552k (2021 increase of 16%).

Gross profit margins have reduced from 19.7% in 2021 to 11.3% in 2022 as a result of maintaining the highly-skilled, long-serving labour force during a time of reduced customer demand combined with general increases in commodity costs. Operating profits have decreased from £747k to £173k following a winding-down of Government support under the coronavirus job retention scheme.

The directors are pleased to report that following the significant investment over the past few years in establishing a new manufacturing facility in the Czech Republic, Agema Europe s.r.o. commenced production in June 2021. The business comprises a new purpose built factory and state of the art manufacturing equipment and is well placed to service existing and new customers in mainland Europe.

Post April 2022 global economic conditions have deteriorated following the Russia-Ukraine war. Automotive manufacturers have been impacted due to disruptions in their supply chains for components and commodities coming from the Russia-Ukraine region. Sanctions imposed on Russia have resulted in retaliations particularly on the supply of gas to the West sending utility prices rocketing and driving up inflation. The company's operating results in 2022/23 will depend on global economic conditions and the continued impact of Covid 19.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The company's customer base is concentrated within the automotive industry, and consequently, as demonstrated by experience over the last few years, the principal risk to the business is posed by a potential reduction in demand, both at home and abroad, for vehicles manufactured by its customers.

Despite recent events, the impact of the UK's exit from the EU still provides a degree of uncertainty. However, this may present opportunities as well as threats, and our new manufacturing facility within the EU should leave the company well placed to take advantage of them when they do.

Currency fluctuations can have a significant impact on costs. Despite only a small proportion of raw materials and components being imported directly, costs from our UK based suppliers are determined to a large extent by global prices which are subject to fluctuations as well as exchange rate movements. Although movements in sterling against other major international currencies cannot be ruled out, the impact on profitability of any actual or proposed increased costs will continue to be controlled as far as possible by exchange risk management and robust purchasing.

Inflation can have a significant impact on costs. Customer pricing tends to be fixed and therefore cost increases due to inflation can have a considerable effect on margins. Where possible the company manages inflationary pressures through active dialogue with its customers.

ON BEHALF OF THE BOARD:

J F E Stringer - Director

9 November 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

DIVIDENDS

The directors recommended that no dividends be paid during the year.

There have been no dividend's since the year end up to the date of this report.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

J F E Stringer
J Stringer

DISCLOSURE IN THE STRATEGIC REPORT

Details of important events occurring since the year end and likely future developments are included in the Strategic Report.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Burrows Scarborough Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

J F E Stringer - Director

9 November 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGEMA ENGINEERING LIMITED

Opinion

We have audited the financial statements of Agema Engineering Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGEMA ENGINEERING LIMITED

Responsibilities of directors

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the health and safety legislation, FRS 102 and the Companies Act 2006 regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included:

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- Enquiring of management around actual and potential litigation and claims, including health and safety.
- Enquiring of company's staff in compliance functions

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AGEMA ENGINEERING LIMITED**

Use of our report

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

Adam Bexon MChem FCA (Senior Statutory Auditor)
for and on behalf of Burrows Scarborough Limited
(Statutory Auditor)
Sovereign House
12 Warwick Street
Coventry
CV5 6ET

9 November 2022

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
TURNOVER	3	10,761,135	11,140,114
Cost of sales		<u>9,541,041</u>	<u>8,950,003</u>
GROSS PROFIT		1,220,094	2,190,111
Administrative expenses		<u>1,385,098</u> (165,004)	<u>2,274,344</u> (84,233)
Other operating income		<u>338,275</u>	<u>831,057</u>
OPERATING PROFIT	5	173,271	746,824
Interest payable and similar expenses	6	<u>231,635</u>	<u>239,851</u>
(LOSS)/PROFIT BEFORE TAXATION		(58,364)	506,973
Tax on (loss)/profit	7	<u>123,568</u>	<u>96,325</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(181,932)	410,648
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(181,932)</u>	<u>410,648</u>

BALANCE SHEET
31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		6,302,031		6,889,524
Investments	9		<u>3,453</u>		<u>3,260</u>
			6,305,484		6,892,784
CURRENT ASSETS					
Stocks	10	1,337,307		1,254,152	
Debtors	11	12,838,625		14,486,973	
Cash at bank		<u>37,851</u>		<u>179,721</u>	
		14,213,783		15,920,846	
CREDITORS					
Amounts falling due within one year	12	<u>4,368,851</u>		<u>6,289,973</u>	
NET CURRENT ASSETS			<u>9,844,932</u>		<u>9,630,873</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			16,150,416		16,523,657
CREDITORS					
Amounts falling due after more than one year	13		(2,984,036)		(3,246,244)
PROVISIONS FOR LIABILITIES	18		<u>(359,208)</u>		<u>(288,309)</u>
NET ASSETS			<u>12,807,172</u>		<u>12,989,104</u>
CAPITAL AND RESERVES					
Called up share capital	19		110		110
Retained earnings	20		<u>12,807,062</u>		<u>12,988,994</u>
SHAREHOLDERS' FUNDS			<u>12,807,172</u>		<u>12,989,104</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 November 2022 and were signed on its behalf by:

J F E Stringer - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	110	12,578,346	12,578,456
Changes in equity			
Total comprehensive income	-	410,648	410,648
Balance at 31 March 2021	<u>110</u>	<u>12,988,994</u>	<u>12,989,104</u>
Changes in equity			
Total comprehensive income	-	(181,932)	(181,932)
Balance at 31 March 2022	<u>110</u>	<u>12,807,062</u>	<u>12,807,172</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	592,534	907,280
Interest paid		(35,024)	(23,213)
Interest element of hire purchase payments paid		(8,674)	(19,949)
Tax paid		(103,180)	146,197
Net cash from operating activities		<u>445,656</u>	<u>1,010,315</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(23,377)	(246,601)
Sale of tangible fixed assets		82,127	416,085
Net cash from investing activities		<u>58,750</u>	<u>169,484</u>
Cash flows from financing activities			
Loan from other related parties		116,000	265,000
Loan repayments in year		(158,088)	(81,203)
Loans to group companies		(1,026,425)	(1,645,880)
Loans repaid from group companies		937,717	168,857
Capital repayments in year		(295,480)	(223,082)
Amount withdrawn by directors		-	(6,038)
Loans to related parties		(220,000)	-
New bank loans		-	500,000
Net cash from financing activities		<u>(646,276)</u>	<u>(1,022,346)</u>
(Decrease)/increase in cash and cash equivalents		<u>(141,870)</u>	<u>157,453</u>
Cash and cash equivalents at beginning of year	2	179,721	22,268
Cash and cash equivalents at end of year	2	<u>37,851</u>	<u>179,721</u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
(Loss)/profit before taxation	(58,364)	506,973
Depreciation charges	547,582	617,157
Profit on disposal of fixed assets	(19,033)	(62,176)
Finance costs	231,635	239,851
	<u>701,820</u>	<u>1,301,805</u>
(Increase)/decrease in stocks	(83,155)	108,878
Decrease/(increase) in trade and other debtors	1,737,056	(790,636)
(Decrease)/increase in trade and other creditors	(1,763,187)	287,233
Cash generated from operations	<u><u>592,534</u></u>	<u><u>907,280</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>37,851</u>	<u>179,721</u>

Year ended 31 March 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	<u>179,721</u>	<u>22,268</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
Net cash			
Cash at bank and in hand	<u>179,721</u>	<u>(141,870)</u>	<u>37,851</u>
	<u>179,721</u>	<u>(141,870)</u>	<u>37,851</u>
Debt			
Finance leases	(385,366)	295,480	(89,886)
Debts falling due within 1 year	(143,707)	(108,130)	(251,837)
Debts falling due after 1 year	(920,683)	266,218	(654,465)
	<u>(1,449,756)</u>	<u>453,568</u>	<u>(996,188)</u>
Total	<u><u>(1,270,035)</u></u>	<u><u>311,698</u></u>	<u><u>(958,337)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. STATUTORY INFORMATION

Agema Engineering 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 nature of the company's operations and principal activities are that of design, tool manufacture and moulding of plastic products.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

Agema Engineering Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified where applicable to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

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

Preparation of consolidated financial statements

The financial statements contain information about Agema Engineering Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Agema Limited, 21 Bayton Road Bayton Road Industrial Estate, Exhall, Coventry, England, CV7 9EL.

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 subsidiaries within the group.

Critical accounting judgements and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in these accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

The main judgemental area in the financial statements is the recoverability of long-term contracts, which are included in prepayments.

Sources of estimation uncertainty

Depreciation rates are based on estimates of the useful lives and residual values of the assets involved (see the Tangible fixed assets accounting policy).

Slow moving stock provisions are based on estimates of the likely recoverable amounts (see the Stocks accounting policy).

Tangible fixed assets

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

Freehold property	- 2% on cost
Plant, machinery etc	- 33% on cost, 25% on reducing balance, and 15% on reducing balance

From the 1st April 2016 the company started to depreciate Freehold property at 2% on cost per annum.

The freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stock is stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Sale of general goods and parts

Turnover from the sale of goods and parts is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on delivery of the goods and parts to the customer.

Sale of tooling

When the outcome of a tooling contract can be estimated reliably and the company has performed sufficient work to obtain rights to consideration under the contract, tooling costs and turnover are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to the contractual obligations met and the rights to consideration obtained on the contract.

Where the outcome cannot be measured reliably, contract costs are recognised as an expense in the period in which they are incurred and contract turnover is recognised to the extent of costs incurred that it is probable will be recoverable.

When it is probable that contract costs will exceed the total contract turnover, the expected loss is recognised as an expense immediately, with a corresponding provision.

Interest receivable

Interest income is recognised using the effective interest method.

Rental income

Rental income is recognised when the company obtains the rights to consideration under the rental agreement.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

2. **ACCOUNTING POLICIES - continued**

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Foreign currencies

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

3. **TURNOVER**

The turnover and loss (2021 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sales of goods	7,919,237	9,197,058
Sales of tooling	2,841,898	1,643,048
Project management sales	-	300,008
	<u>10,761,135</u>	<u>11,140,114</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	10,209,378	10,447,163
Europe	551,757	692,951
	<u>10,761,135</u>	<u>11,140,114</u>

4. **EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	3,325,421	3,611,934
Social security costs	290,575	317,792
Other pension costs	67,545	75,708
	<u>3,683,541</u>	<u>4,005,434</u>

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

	2022	2021
Admin	19	20
Production	<u>115</u>	<u>129</u>
	<u>134</u>	<u>149</u>

	2022	2021
	£	£
Directors' remuneration	<u>1,794</u>	<u>1,263</u>

5. **OPERATING PROFIT**

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

	2022	2021
	£	£
Hire of plant and machinery	41,295	17,632
Depreciation - owned assets	472,717	529,294
Depreciation - assets on hire purchase contracts	74,864	87,864
Profit on disposal of fixed assets	(19,033)	(62,176)
Auditors' remuneration	15,400	15,200
Foreign exchange differences	<u>(400,204)</u>	<u>223,239</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	10,677	167
Bank loan interest	24,347	22,907
Other loan interest	187,937	196,828
Hire purchase interest	8,674	19,949
	<u>231,635</u>	<u>239,851</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	52,669	108,254
Deferred tax	70,899	(11,929)
Tax on (loss)/profit	<u>123,568</u>	<u>96,325</u>

UK corporation tax was charged at 19% in 2021.

Reconciliation of total tax charge included in profit and loss

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

	2022	2021
	£	£
(Loss)/profit before tax	<u>(58,364)</u>	<u>506,973</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(11,089)	96,325
Effects of:		
Expenses not deductible for tax purposes	4,480	-
Enhanced capital allowances	(819)	-
Prior year adjustment on deferred taxation	41,296	-
Depreciation on Freehold property assets	13,208	-
Effect of increase in tax rates on deferred tax	76,492	-
Total tax charge	<u>123,568</u>	<u>96,325</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

7. **TAXATION - continued**

Deferred tax:

Deferred tax included in the balance sheet is as follows:

	2022 £	2021 £
Included in provisions for liabilities (note 18)	<u>359,208</u>	<u>288,311</u>
Accelerated capital allowances	<u>359,208</u>	<u>288,311</u>

The expectation is that the deferred tax liability will fall by £40,491 in the next financial year. This consists of the tax on depreciation that will be charged in excess of capital allowances to be claimed in the year to 31st March 2023 on the specific assets on the balance sheet at 31st March 2022 that are eligible for capital allowances.

8. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2021	4,239,695	6,767,574	573,047
Additions	-	22,315	-
Disposals	-	(9,000)	-
At 31 March 2022	<u>4,239,695</u>	<u>6,780,889</u>	<u>573,047</u>
DEPRECIATION			
At 1 April 2021	291,662	4,228,496	342,114
Charge for year	66,244	382,777	38,827
Eliminated on disposal	-	-	-
At 31 March 2022	<u>357,906</u>	<u>4,611,273</u>	<u>380,941</u>
NET BOOK VALUE			
At 31 March 2022	<u>3,881,789</u>	<u>2,169,616</u>	<u>192,106</u>
At 31 March 2021	<u>3,948,033</u>	<u>2,539,078</u>	<u>230,933</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

8. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2021	223,725	267,409	12,071,450
Additions	-	1,060	23,375
Disposals	(103,600)	-	(112,600)
At 31 March 2022	<u>120,125</u>	<u>268,469</u>	<u>11,982,225</u>
DEPRECIATION			
At 1 April 2021	105,627	214,027	5,181,926
Charge for year	16,037	43,696	547,581
Eliminated on disposal	(49,313)	-	(49,313)
At 31 March 2022	<u>72,351</u>	<u>257,723</u>	<u>5,680,194</u>
NET BOOK VALUE			
At 31 March 2022	<u>47,774</u>	<u>10,746</u>	<u>6,302,031</u>
At 31 March 2021	<u>118,098</u>	<u>53,382</u>	<u>6,889,524</u>

Included in cost of land and buildings is freehold land of £ 927,500 (2021 - £ 927,500) which is not depreciated.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 April 2021 and 31 March 2022	<u>745,000</u>
DEPRECIATION	
At 1 April 2021	247,109
Charge for year	74,864
At 31 March 2022	<u>321,973</u>
NET BOOK VALUE	
At 31 March 2022	<u>423,027</u>
At 31 March 2021	<u>497,891</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2021	3,260
Exchange differences	193
At 31 March 2022	<u>3,453</u>
NET BOOK VALUE	
At 31 March 2022	<u>3,453</u>
At 31 March 2021	<u>3,260</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Agema Europe s.r.o.

Registered office: Tovarni 1423/7, 76901, Holesov, Czech Republic

Nature of business: Manufacturing of plastic products

Class of shares:	%		
Ordinary	holding		
	100.00	2022	2021
		£	£
Aggregate capital and reserves		(947,457)	(486,765)
Loss for the year		<u>(460,692)</u>	<u>(328,836)</u>

10. STOCKS

	2022	2021
	£	£
Raw materials	819,768	630,043
Finished goods	517,539	624,109
	<u>1,337,307</u>	<u>1,254,152</u>

The replacement cost of stocks is not materially different from the value stated above.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	3,394,589	3,536,128
Amounts owed by group undertakings	8,179,607	8,090,899
Other debtors	5,105	7,860
Prepayments and accrued income	1,259,324	2,852,086
	<u>12,838,625</u>	<u>14,486,973</u>

Trade debtors subject to invoice finance at the balance sheet date amount to £3,170,450 (2021 £3,298,716).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 14)	251,837	143,707
Hire purchase contracts (see note 15)	79,643	295,196
Trade creditors	1,997,910	4,534,487
Taxation	52,669	103,181
PAYE	69,466	77,044
VAT	357,657	399,109
Other creditors	1,066,144	338,001
Accrued expenses	493,525	399,248
	<u>4,368,851</u>	<u>6,289,973</u>

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

	2022	2021
	£	£
Bank loans (see note 14)	654,465	920,683
Hire purchase contracts (see note 15)	10,243	90,170
Amounts owed to related parties	<u>2,319,328</u>	<u>2,235,391</u>
	<u>2,984,036</u>	<u>3,246,244</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>251,837</u>	<u>143,707</u>
Amounts falling due between one and two years:		
Bank loans	<u>251,837</u>	<u>206,206</u>
Amounts falling due between two and five years:		
Bank loans	<u>397,807</u>	<u>552,760</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>4,821</u>	<u>161,717</u>

The bank loans are repayable over various terms of between 60 and 180 months and at the balance sheet date had remaining terms of between 26 and 70 months. The bank loans bear interest at either 3.42% fixed, or 3.47% or 3.84% over the Bank of England base rate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	79,643	295,196
Between one and five years	10,243	90,170
	<u>89,886</u>	<u>385,366</u>
	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	35,554	27,726
Between one and five years	84,386	93,122
In more than five years	-	6,003
	<u>119,940</u>	<u>126,851</u>

In the year to 31st March 2022, operating lease payments of £29,394 were recognised as an expense (2021 £18,483).

16. **SECURED DEBTS**

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	906,302	1,064,390
Hire purchase contracts	89,886	385,366
Barclays invoice finance	-	335,381
	<u>996,188</u>	<u>1,785,137</u>

Barclays Bank PLC hold a corporate mortgage, debenture, fixed and floating charge & legal charge.

There is a fixed and floating charge over the assets of the company including a charge over specific assets including the freehold property at 3 Stephenson Road and 23 Bayton Road in Exhall Coventry.

A cross debenture exists with Agema Limited dated 3/12/2020 with Barclays bank.

17. **FINANCIAL INSTRUMENTS**

All financial assets and liabilities are measured at amortised cost.

18. **PROVISIONS FOR LIABILITIES**

	2022	2021
	£	£
Deferred tax	<u>359,208</u>	<u>288,309</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

18. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2021	288,309
Provided during year	<u>70,899</u>
Balance at 31 March 2022	<u>359,208</u>

Deferred tax consists entirely of accelerated capital allowances.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2022	2021
Number:	Class:	value:	£	£
100	Ordinary	£1.00	100	100
10	Ordinary A	£1.00	<u>10</u>	<u>10</u>
			<u>110</u>	<u>110</u>

The Ordinary shares and Ordinary A shares have differing dividend rights but otherwise rank pari-passu in all other respects. Both the Ordinary and the Ordinary A shares carry full voting rights and capital participation on sale or winding up of the company. There are no restrictions or specific preferences on either the Ordinary or the Ordinary A shares.

20. RESERVES

	Retained earnings £
At 1 April 2021	12,988,994
Deficit for the year	<u>(181,932)</u>
At 31 March 2022	<u>12,807,062</u>

Retained earnings

This reserve records the distributable reserves of the company.

21. PENSION COMMITMENTS

The company operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £67,545 (2021 £75,708). £12,625 was outstanding to pension providers at 31st March 2022 (2021 £nil).

22. ULTIMATE PARENT COMPANY

Agema Limited (incorporated in United Kingdom) is regarded by the directors as being the company's ultimate parent company.

23. RELATED PARTY DISCLOSURES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

23. RELATED PARTY DISCLOSURES - continued

Other related parties

	2022	2021
	£	£
Sales	-	300,008
Purchases	368,136	1,213,600
Amount due to related party	2,867,983	4,000,769
Recognised bad or doubtful debts due from related parties	<u>23,584</u>	<u>-</u>

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are Mr J F E Stringer and Mr J Stringer by virtue of their shareholdings in Agema Limited.

25. GOVERNMENT GRANTS

Revenue Government grants receivable of £338,245 (2021 £830,707), which relate to COVID related grants, are recognised in the year.

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