

Company Registration No. 07712250 (England and Wales)

MTL ADVANCED LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

MTL ADVANCED LTD

COMPANY INFORMATION

Directors	J S Hartley W Tierney
Secretary	A B Sedgley
Company number	07712250
Registered office	Britannia House Junction Street Darwen Lancashire BB3 2RB
Auditor	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB
Bankers	Lloyds Bank PLC Church St Blackburn BB2 1JQ

MTL ADVANCED LTD

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MTL ADVANCED LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report for the year ended 31 December 2022, as follows:

Business Review

The business has had a very positive year with strong growth in both turnover and operating profit. There is a great deal of optimism about further future growth opportunities, and future success will continue to be grounded in upholding ongoing exceptional levels of customer service, product quality and value for money offerings in the market.

Total headcount at year end was 281

The directors consider the business to be well placed for the future.

Principal risks and uncertainties

The principal risks to the business include the following:

1. *Operating in a very competitive marketplace.* The company has consistently demonstrated its ability to mitigate this risk through provision of high-quality products at competitive prices with strong values in customer care and reliable delivery performance.
2. *Changes in technology.* The company mitigates this risk by continued re-investment in the latest available state of the art production equipment, allowing control of operating costs and highest levels of efficiency to maintain its position as market leader.
3. *Economic Uncertainty.* At the date of this report, there are many uncertainties around the economic and other general impacts of recent events in Ukraine and any potential impacts on the business.
4. *Excessive and intrusive government legislation.* A company's ability to remain competitive in a global supply chain can be negatively affected by unnecessary legislation and "red-tape".

Financial and other performance indicators

During the year, various indicators were used to monitor and compare the company's performance. The following are regarded as the key financial indicators of performance, all of which can be observed in the attached financial statements. The company uses other performance indicators in its day to day operations but the directors consider these commercially sensitive and they are therefore not specifically disclosed.

- Turnover £46.0 million (2021: £34.9 million)
- Gross Margin 24.3% (2021: 21.7%)
- Operating Profit £4.66 million (2021: £2.98 million)

Other performance indicators

The directors have a responsibility under S172 of the Companies Act 2006 to act in a way that promotes the company's success for the benefit of the members as a whole, and to have regard to the long-term effects of decisions on the company and stakeholders. The following statement outlines the way in which these responsibilities are handled:

The company is privately held and provides employment, training and financial reward to the owners and employees, including profit sharing arrangements.

Strategic decisions are based on medium and long-term objectives. In particular, the policy of continued investment in latest state of the art production technologies ensures high quality and efficiency of output and provides an ongoing competitive edge in the market.

MTL ADVANCED LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key stakeholders, and the ways in which we engage with them, are as follows:

Employees

We rely on a skilled and highly motivated workforce and recruitment & retention of staff is critical to the business. We help engagement with our team by:

Appropriate remuneration and reward for outstanding performance through profit sharing arrangements;
Providing industry leading training, coupled with career development opportunities.

Customers and suppliers

We invest heavily in the latest technology throughout our business so that we can continue to offer quality products at short lead times. Our customers value our high degree of expertise, reliability and value for money offerings. We have built a reputation for fair dealings with both customers and suppliers alike.

On behalf of the board

J S Hartley
Director

28 June 2023

MTL ADVANCED LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activities of the company are the fabrication and forming of metals, laser and water jet cutting, specialist engineering services and painting.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £2,500,000. The directors do not recommend payment of a final dividend.

Directors

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

J S Hartley
W Tierney

Disabled persons

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

Employee involvement

The company's policy is to consult and discuss with employees, through meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

The auditor, PM+M Solutions for Business LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

MTL ADVANCED LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of disclosure to auditor

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

Disclosure

The ultimate shareholder has requested that the directors include the following statement
- the ultimate parent company is privately held, as is the company, and they believe the requirement to publish private accounts is a violation of both the spirit and law under UK right to privacy legislation.

On behalf of the board

J S Hartley
Director

28 July 2023

MTL ADVANCED LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MTL ADVANCED LTD

Opinion

We have audited the financial statements of MTL Advanced Ltd (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, except for the requirements included within the emphasis of matter below.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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.

Emphasis of matter

We draw attention to the omission of Streamlined Energy and Carbon Reporting in the directors' report, in contravention of the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our opinion is not modified in this respect.

We also draw attention to the omission of reference to the impact of the company's operations on the community and environment, in contravention of the requirements of Section 172 of the Companies Act. Again, our opinion is not modified in this respect.

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MTL ADVANCED LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MTL ADVANCED LTD

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 directors' report.

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

- adequate accounting records have not been kept, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

MTL ADVANCED LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MTL ADVANCED LTD

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income; posting of unusual journals and complex transactions; and manipulating the Company's performance profit measures and other key performance indicators to meet remuneration targets and externally communicated targets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the identified risks of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

MTL ADVANCED LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MTL ADVANCED LTD

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

David Gorton FCA CTA
Senior Statutory Auditor
For and on behalf of PM+M Solutions for Business LLP

28 June 2023

Chartered Accountants
Statutory Auditor

New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

MTL ADVANCED LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Turnover	3	46,031,672	34,862,452
Cost of sales		(34,853,775)	(27,307,256)
Gross profit		11,177,897	7,555,196
Distribution costs		(1,773,675)	(1,487,498)
Administrative expenses		(4,779,624)	(3,218,911)
Other operating income		35,510	132,665
Operating profit	4	4,660,108	2,981,452
Interest expense and similar expenses	6	(49,256)	(17,873)
Profit before taxation		4,610,852	2,963,579
Tax on profit	7	(852,965)	(490,059)
Profit for the financial year		3,757,887	2,473,520

There are no recognised gains and losses other than those passing through the Statement of Comprehensive Income.

MTL ADVANCED LTD

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9	69,832		-	
Tangible assets	10	2,379,875		2,869,864	
		<u>2,449,707</u>		<u>2,869,864</u>	
Current assets					
Stocks	11	7,262,701		7,221,886	
Debtors	12	10,745,870		7,120,720	
Cash at bank and in hand		4,574,069		5,059,487	
		<u>22,582,640</u>		<u>19,402,093</u>	
Creditors: amounts falling due within one year	13	<u>(12,663,763)</u>		<u>(10,851,473)</u>	
Net current assets		<u>9,918,877</u>		<u>8,550,620</u>	
Total assets less current liabilities		<u>12,368,584</u>		<u>11,420,484</u>	
Creditors: amounts falling due after more than one year	14	(897,207)		(1,213,339)	
Provisions for liabilities					
Deferred tax liability	15	(112,639)		(106,294)	
Net assets		<u>11,358,738</u>		<u>10,100,851</u>	
Capital and reserves					
Called up share capital	18	1,000		1,000	
Profit and loss reserves		11,357,738		10,099,851	
Total equity		<u>11,358,738</u>		<u>10,100,851</u>	

The financial statements were approved by the board of directors and authorised for issue on 28 June 2023 and are signed on its behalf by:

J S Hartley
Director

Company Registration No. 07712250

MTL ADVANCED LTD

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

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2021		1,000	8,626,331	8,627,331
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	2,473,520	2,473,520
Dividends	8	-	(1,000,000)	(1,000,000)
Balance at 31 December 2021		1,000	10,099,851	10,100,851
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	3,757,887	3,757,887
Dividends	8	-	(2,500,000)	(2,500,000)
Balance at 31 December 2022		1,000	11,357,738	11,358,738

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

MTL Advanced Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Britannia House, Junction Street, Darwen, Lancashire, BB3 2RB.

The company's trading address is Grange Lane, Brinsworth, Rotherham, S60 5AE.

1.1 Accounting convention

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

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

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

This information is included in the consolidated financial statements of WEC Group Holdings Limited as at 31 December 2022 and these financial statements may be obtained from Britannia House, Junction Street, Darwen, Lancashire, BB3 2RB.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Systems	Once brought into use over 5 years
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MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.5 Tangible fixed assets

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

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

Leasehold improvements	5 years
Plant and equipment	5 - 7 years
Fixtures and fittings	5 years
Motor vehicles	5 years

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

1.6 Impairment of fixed assets

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

1.7 Stocks

Stocks are stated at the lower of either cost or estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances, are measured at transaction price.

Basic financial liabilities

Basic financial liabilities are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Hire purchase and operating leases

A hire purchase arises whenever the terms of the contract transfer substantially all the risks and rewards of ownership to the company.

Assets held under hire purchase are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a hire purchase obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The main areas of judgement are in relation to stock including the absorption of overheads, debtor provisions and the useful economic lives of the company's fixed assets.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	45,299,840	34,678,271
Rest of Europe	649,420	184,181
Rest of World	82,412	-
	<u>46,031,672</u>	<u>34,862,452</u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(111,909)
Fees payable to the company's auditor for the audit of the company's financial statements	15,058	14,046
Depreciation of owned tangible fixed assets	496,945	345,614
Depreciation of tangible fixed assets held under hire purchase and finance leases	375,781	430,876
Profit on disposal of tangible fixed assets	(22,500)	-
Operating lease charges	650,000	650,000
	<u>375,781</u>	<u>430,876</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Employees

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

	2022 Number	2021 Number
Directors	2	2
Administrative	50	50
Production	228	214
Total	<u>280</u>	<u>266</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	9,860,429	8,745,389
Social security costs	952,146	790,621
Pension costs	229,084	204,917
	<u>11,041,659</u>	<u>9,740,927</u>

6 Interest and similar expenses

	2022 £	2021 £
Interest on hire purchase agreements	49,256	17,873

7 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	839,873	254,323
Adjustments in respect of prior periods	6,747	4,868
Total current tax	<u>846,620</u>	<u>259,191</u>
Deferred tax		
Origination and reversal of timing differences	4,822	205,718
Changes in tax rates	1,523	25,150
Total deferred tax	<u>6,345</u>	<u>230,868</u>
Total tax charge	<u>852,965</u>	<u>490,059</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	<u>4,610,852</u>	<u>2,963,579</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	876,062	563,080
Tax effect of expenses that are not deductible in determining taxable profit	1,429	921
Tax effect of income not taxable in determining taxable profit	-	(27,075)
Adjustments in respect of prior years	6,747	4,868
Effect of change in the future tax rate	1,523	25,510
Permanent fixed asset differences	(26,049)	(73,393)
Research and development tax credit	(6,747)	(3,852)
Taxation charge for the year	<u>852,965</u>	<u>490,059</u>

8 Dividends

	2022 £	2021 £
Interim paid	<u>2,500,000</u>	<u>1,000,000</u>

9 Intangible fixed assets

	Systems £
Cost	
At 1 January 2022	-
Additions	69,832
At 31 December 2022	<u>69,832</u>
Amortisation and impairment	
At 1 January 2022 and 31 December 2022	-
Carrying amount	
At 31 December 2022	<u>69,832</u>
At 31 December 2021	<u>-</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2022	109,466	7,035,569	314,169	31,695	7,490,899
Additions	5,535	267,945	109,257	-	382,737
Disposals	-	(106,000)	-	(3,000)	(109,000)
At 31 December 2022	115,001	7,197,514	423,426	28,695	7,764,636
Depreciation and impairment					
At 1 January 2022	82,013	4,315,925	197,041	26,056	4,621,035
Depreciation charged in the year	19,124	788,809	61,105	3,688	872,726
Eliminated in respect of disposals	-	(106,000)	-	(3,000)	(109,000)
At 31 December 2022	101,137	4,998,734	258,146	26,744	5,384,761
Carrying amount					
At 31 December 2022	13,864	2,198,780	165,280	1,951	2,379,875
At 31 December 2021	27,453	2,719,644	117,128	5,639	2,869,864

The net carrying value of tangible fixed assets includes the following in respect of assets held under hire purchase contracts.

	2022 £	2021 £
Plant and equipment	1,207,113	1,582,894
Depreciation charge for the year in respect of assets held under hire purchase contracts	375,781	430,876

11 Stock

	2022 £	2021 £
Raw materials and consumables	3,755,633	3,645,181
Work in progress	3,507,068	3,576,705
	7,262,701	7,221,886

An increase in the provision for impairment loss of £113,704 (2021: Decrease of £190,467) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Debtors	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	10,278,807	6,571,742
Corporation tax recoverable	-	113,519
Amounts owed by group undertakings	16,481	154,757
Other debtors	169,355	53,877
Prepayments and accrued income	281,227	226,825
	<u>10,745,870</u>	<u>7,120,720</u>

13 Creditors: amounts falling due within one year	2022	2021
Notes	£	£
Obligations under hire purchase	15 335,594	353,084
Trade creditors	6,903,078	4,856,219
Amounts due to group undertakings	302,922	1,268,703
Corporation tax	97,596	-
Other taxation and social security	1,296,300	703,154
Deferred income	-	1,219,413
Other creditors	147,850	183,295
Accruals	3,580,423	2,267,605
	<u>12,663,763</u>	<u>10,851,473</u>

The hire purchase creditors are secured on the assets to which they relate.

14 Creditors: amounts falling due after more than one year	2022	2021
Notes	£	£
Obligations under hire purchase	15 897,207	1,213,339
	<u>897,207</u>	<u>1,213,339</u>

The hire purchase creditors are secured on the assets to which they relate.

15 Hire purchase obligations	2022	2021
Future minimum payments due under hire purchase agreements:	£	£
Within one year	335,594	353,084
In two to five years	749,577	782,760
In over five years	147,630	430,579
	<u>1,232,801</u>	<u>1,566,423</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Fixed asset timing differences	124,098	110,411
Other timing differences	(11,459)	(4,117)
	<u>112,639</u>	<u>106,294</u>
		2022 £
Movements in the year:		
Liability at 1 January 2022		106,294
Charge to profit or loss		6,345
		<u>112,639</u>

The deferred tax liability set out above is expected to reverse within near future and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>229,084</u>	<u>204,917</u>

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

At balance sheet date, these contributions outstanding totalled £52,139 (2021: £43,382).

18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Operating lease commitments

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

	2022	2021
	£	£
Within one year	650,000	650,000
Between two and five years	866,667	1,516,667
	<u>1,516,667</u>	<u>2,166,667</u>

20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022	2021
	£	£
Acquisition of tangible fixed assets	-	109,504
	<u>-</u>	<u>109,504</u>

21 Related party transactions

As permitted by FRS 102 the financial statements do not disclose transactions with the parent company and fellow subsidiaries where 100% of the voting rights are controlled within the group.

The company made purchases from companies that are connected by common control of £463,160 (2021 - £674,316). A total of £57,532 (2021 - £134,226) was due to these companies at the year end.

The company purchased services from a company with a common director totalling £670,699 (2021 - £669,480). At the balance sheet date, an amount of £NIL (2021 - £NIL) was owed.

22 Ultimate controlling party

WEC Group Holdings Limited, a company registered in the UK, is the parent company. The immediate parent company to WEC Group Holdings Ltd is Britannia Metals Holdings Ltd, a company registered in the USA. Britannia Metals Parent Company, also a company registered in the USA, is the controlling party and ultimate parent company.

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