

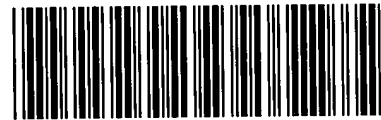
Company Registration No. 03257704 (England and Wales)

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**COMPANY INFORMATION**

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<b>Directors</b>	J A Temple M J Doyle Mr A Maher S M Brown G Thomas	(Appointed 26 May 2021)
<b>Company number</b>	03257704	
<b>Registered office</b>	Wellesbourne Distribution Park Unit 16 Loxley Road Wellesbourne Warwickshire CV35 9JY	
<b>Auditor</b>	Burgis & Bullock 23-25 Waterloo Place Warwick Street Leamington Spa Warwickshire CV32 5LA	
<b>Bankers</b>	Santander Corporate Banking West Midlands Regional Business Centre 1 Cornwall Street Birmingham B3 2DX	
<b>Solicitors</b>	BHW Solicitors 1 Smith Way Grove Park Enderby Leicestershire LE19 1SX	

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**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

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# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## STRATEGIC REPORT

*FOR THE YEAR ENDED 31 DECEMBER 2021*

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

### **Fair review of the business**

For the majority of 2021 the COVID-19 virus continued to have a worldwide impact on businesses, economies and individuals. However, toward the latter stages of 2021 and into 2022 the economy, and in particular manufacturing, saw the commencement of a recovery.

This recovery is evidenced by the significant improvement in turnover for the company, increasing by £910k over 2020, and possibly more importantly by the quantity and quality of project activity in the pipeline. At the time of filing of these accounts the company forward orderbook had risen to £2,592k, almost £1m of which was for delivery into 2023. The depth of the orderbook providing the foundation for future growth in Chiron product sales.

The additional sales were the key driver for the improved Operating Profit for the financial year which increased by 63.6% to £65,132.

The KPI's for the Company are Gross Margin, EBITDA, and PBT, all of which are an improvement over 2020 as the company emerged from the grips of the global pandemic. 2021 remains too early a period to be meaningfully assessed against prior periods or the typical financial performance indicators and normal expectations that would be established for the business.

The final result for the year was a Profit Before Tax of £1,312, an improvement over the previous years Loss Before Tax of £35,006. Given the extremely challenging economic conditions Management remain satisfied with the result.

The company evidenced customer demand returning toward the end of 2021 with a healthy pipeline of new projects starting to develop.

### **Principal risks and uncertainties**

The principal short term risk and uncertainty continues to relate to the general economic environment with the Covid-19 situation still having an affect into 2022. The war in the Ukraine, energy costs, and raw material prices are all having an impact on product costs and pricing. The longer term principal risks to the company remain the general fluctuations in the UK manufacturing economy. These risks are mitigated by the parent groups' ability to assign fewer or greater resources as necessary to the company to balance both the needs of the company and the group as a whole taking into consideration the market requirements.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Future Developments**

The Directors are pleased to announce that on the 30th of June 2022 the holding company completed a restructure of its machine distribution division. The consolidation of the Groups machine sales activities into a single legal entity has been achieved by Chiron Werke UK Limited acquiring the trade, assets, and liabilities of several other Group companies and as from the 30th June 2022 it holds the distribution rights for all machine brands within Group.

Furthermore, as part of the restructure Chiron Werke UK Limited has changed its name to 'The Engineering Technology Group Limited' with the parent company changing its name to 'The Engineering Technology Group Holdings Limited'.

The change will offer a more efficient and streamlined way for customers and suppliers to trade with the company and enable the business to take advantage of administrative synergies with a less complex legal structure.

The Directors are not expecting to make any further significant changes in the nature of the business in the near future. Going forward the trade of the company will continue to focus on the long term customer and supplier relationships across a number of industry sectors which suit the high technology, high productivity, turnkey solutions designed, developed, and implemented by the company.

On behalf of the board



Mr Martin Doyle (Aug 2, 2022, 4:20pm)

M J Doyle

Director 02 Aug 2022

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**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Principal activities**

The principal activity of the company continued to be that of the sale and servicing of high speed, high technology multi-axis vertical machining centres.

**Results and dividends**

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

No ordinary dividends were paid. 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 A Temple

M J Doyle

Mr A Maher

S M Brown

G Thomas

(Appointed 26 May 2021)

**Auditor**

The auditor, Burgis & Bullock, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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;
- 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.

On behalf of the board



Mr. Martin Doyle (Aug 2, 2022, 4:20pm)

M J Doyle  
Director

02 Aug 2022

Date: .....

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

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#### Opinion

We have audited the financial statements of The Engineering Technology Group Limited (Formerly Chiron Werke UK Limited) (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

#### 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.

#### 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.

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

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#### **Other information**

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **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 and the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the 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.

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

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#### **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.

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 gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Based on our understanding of the company and industry we identified that the principal risk of non-compliance with laws and regulations related to breaches of Companies Act 2006, UK Tax Legislation and UK Employment Law. We also evaluated management incentive and opportunities for fraudulent manipulations of the financial statements.

Audit procedures performed included:

- Reviewing returns made to Companies House and HMRC;
- Discussions with management, including consideration of known or suspected incidences of non-compliance with laws and regulation and fraud;
- Identifying and assessing the design effectiveness of controls in management have in place to prevent and detect fraud;
- Challenging assumptions and judgments made by management in their significant accounting estimates and assessing if these indicate evidence of management bias;
- Reviewing the accounting records for large and unusual journal entries and testing any identified and in particular the rationale for any transactions outside the company's normal course of business;
- Reviewing the accounting records for large and unusual bank payments and testing any identified and in particular the rationale for any transactions outside the company's normal course of business;
- Reviewing the accounting records for large and unusual transactions and testing any identified and in particular the rationale for any transactions outside the company's normal course of business;
- Testing a sample of debit entries in the profit and loss account to check they are bona-fide costs of the business;
- Testing a sample of bank payments to source documentation;
- Reviewing a sample of coronavirus job retention scheme claims.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

*W A Hubbard*

Wende Hubbard (Aug 2, 2022, 4:45pm)

**Wende Hubbard FCCA (Senior Statutory Auditor)**  
**For and on behalf of Burgis & Bullock**

02 Aug 2022

Date: .....

**Chartered Accountants**  
**Statutory Auditor**

23-25 Waterloo Place  
Warwick Street  
Leamington Spa  
Warwickshire  
CV32 5LA

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	1,643,842	733,735
Cost of sales		(1,488,509)	(760,956)
<b>Gross profit/(loss)</b>		<u>155,333</u>	<u>(27,221)</u>
Administrative expenses		(420,618)	(547,670)
Other operating income		330,417	614,698
<b>Operating profit</b>	<b>5</b>	<u>65,132</u>	<u>39,807</u>
Interest receivable and similar income	<b>8</b>	-	4
Interest payable and similar expenses	<b>9</b>	(63,820)	(74,817)
<b>Profit/(loss) before taxation</b>		<u>1,312</u>	<u>(35,006)</u>
Tax on profit/(loss)	<b>10</b>	80,856	(12,969)
<b>Profit/(loss) for the financial year</b>		<u><u>82,168</u></u>	<u><u>(47,975)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		179,604		216,225
<b>Current assets</b>					
Stocks	12	-		509	
Debtors	13	6,502,451		6,599,421	
Cash at bank and in hand		156,066		449	
		<u>6,658,517</u>		<u>6,600,379</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(5,311,424)</u>		<u>(5,370,077)</u>	
<b>Net current assets</b>			<u>1,347,093</u>		<u>1,230,302</u>
<b>Total assets less current liabilities</b>			<u>1,526,697</u>		<u>1,446,527</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	17	-		1,998	
		<u>-</u>		<u>1,998</u>	(1,998)
<b>Net assets</b>			<u><u>1,526,697</u></u>		<u><u>1,444,529</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		10,000		10,000
Capital redemption reserve			250		250
Profit and loss reserves			1,516,447		1,434,279
<b>Total equity</b>			<u><u>1,526,697</u></u>		<u><u>1,444,529</u></u>

The financial statements were approved by the board of directors and authorised for issue on 02.Aug.2022..... and are signed on its behalf by:



Mr Martin Doyle (Aug 2, 2022, 4:20pm)

M J Doyle

**Director**

**Company Registration No. 03257704**

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

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

	Share capital redemption reserve £	Capital reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>	10,000	250	1,482,254	1,492,504
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year	-	-	(47,975)	(47,975)
<b>Balance at 31 December 2020</b>	10,000	250	1,434,279	1,444,529
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year	-	-	82,168	82,168
<b>Balance at 31 December 2021</b>	10,000	250	1,516,447	1,526,697

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

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

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	27		(190,190)		232,204
Interest paid			(63,820)		(74,817)
Income taxes refunded			78,858		54,412
			<u>          </u>		<u>          </u>
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(175,152)</b>		<b>211,799</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(49,357)		(85,459)	
Interest received		-		4	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			<b>(49,357)</b>		<b>(85,455)</b>
<b>Financing activities</b>					
Payment of finance leases obligations		(4,561)		(24,003)	
		<u>          </u>		<u>          </u>	
<b>Net cash used in financing activities</b>			<b>(4,561)</b>		<b>(24,003)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(229,070)</b>		<b>102,341</b>
Cash and cash equivalents at beginning of year			(105,956)		(208,297)
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			<b>(335,026)</b>		<b>(105,956)</b>
			<u>          </u>		<u>          </u>
<b>Relating to:</b>					
Cash at bank and in hand			156,066		449
Bank overdrafts included in creditors payable within one year			(491,092)		(106,405)
			<u>          </u>		<u>          </u>

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

The Engineering Technology Group Limited (Formerly Chiron Werke UK Limited) is a private company limited by shares incorporated in England and Wales. The registered office is Wellesbourne Distribution Park, Unit 16, Loxley Road, Wellesbourne, Warwickshire, CV35 9JY.

#### 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.

The financial statements of the company are consolidated in the financial statements of The Engineering Technology Group Limited. These consolidated financial statements are available from its registered office, Wellesbourne Distribution Park, Unit 16, Loxley Road, Wellesbourne, Warwickshire, CV35 9JY.

#### 1.2 Going concern

As outlined in the Strategic Report on pages 1 to 2, during the latter part of 2021 the company and the wider group began to see some positive signs of economic recovery. Aligned with the improvements achieved from the significant cost reduction programme carried out in 2020 this enabled the company to report a more positive outlook to the start of 2022.

No doubt the current economic climate in 2022 of high inflation; the war in the Ukraine and the unprecedented rise in energy prices will have some impact on the business and its customers. Nevertheless, the company's current order book remains extremely positive.

Following the restructuring of the Group's banking facilities in October 2021, which included the rescheduling of debt repayment, cashflow management and the achievement of financial covenants has improved greatly although with the current general economic position management are mindful of the need to still monitor cashflows closely in terms of dealing with principal suppliers, general creditors and HMRC to ensure this position continues in the short term.

The future of the company as in any business, is dependent on continuing to trade profitably in the medium to long term with short term ebbs and flows in profitability expected and manageable due to the project nature of the business.

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

A forecast through to 2026 has been prepared which shows that the company and its wider Group are able to operate within their new banking facilities and covenant requirements with available headroom on the assumption that the return to profitability is maintained, and that current economic constraints do not worsen significantly. On this basis the directors are confident that the company will be able to continue to operate for the foreseeable future and that the going concern basis of preparation remains appropriate.

#### 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

Major turnkey contracts crossing the year end are recognised on a percentage completion basis as pre agreed milestones are met.

#### 1.4 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:

Short leasehold improvements	Over the life of the lease
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Computer equipment	33.33% straight line

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

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

**1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.6 Stocks**

Stocks are stated at the lower of cost and 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

**1.7 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.

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### 1.8 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.

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

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 a 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.

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

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 hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.9 Equity instruments**

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

**1.10 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**1.11 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.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1 Accounting policies**

**(Continued)**

***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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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.

**1.12 Employee benefits**

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.13 Retirement benefits**

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

**1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases 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 finance lease 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.

# THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

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.

#### 1.15 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.

Government grants relating to turnover or expenditure are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.17 Warranties

Provisions made for warranty costs are released to the profit and loss account over the period of the warranty.

### 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 ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Judgements and key sources of estimation uncertainty (Continued)**

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Management charges**

The company incurs a material amount of administrative overhead for shared resource which is relevant to other companies within the parents group. These expenses are allocated to other group companies on a fair and consistent basis as judged by the management of the company

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Machines and accessories	1,323,000	186,354
Spares	320,842	547,381
	1,643,842	733,735
	1,643,842	733,735
	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
UK	1,633,955	733,735
Europe	9,887	-
	1,643,842	733,735
	1,643,842	733,735
	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	-	4
Grants received	330,417	614,698
	330,417	614,698
	330,417	614,698

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4 Other operating income**

	2021	2020
	£	£
<b>Government grants</b>		
Coronavirus Job Retention Scheme (CJRS)	330,417	614,698
	330,417	614,698
	330,417	614,698

The Coronavirus Job Retention Scheme (CJRS), is a government scheme set up to cover certain employment costs for employees who have been unable to work due to COVID-19.

**5 Operating profit**

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	421	(18,128)
Government grants	(330,417)	(614,698)
Fees payable to the company's auditor for the audit of the company's financial statements	8,450	8,450
Depreciation of owned tangible fixed assets	68,839	59,656
Depreciation of tangible fixed assets held under finance leases	17,139	17,143
Operating lease charges	388,211	345,315
	388,211	345,315
	388,211	345,315

The majority of the overheads arising during the year for The Engineering Technology Group Limited and its subsidiaries have been paid by Chiron Werke UK Limited.

The proportion of these overheads which relate to fellow group companies were then recharged to the respective companies at the end of the year.

**6 Employees**

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

	2021	2020
	Number	Number
Employees	38	48
	38	48
	38	48

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6 Employees** **(Continued)**

Their aggregate remuneration comprised:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,070,259	2,355,388
Social security costs	248,622	213,789
Pension costs	137,245	136,410
	2,456,126	2,705,587
	2,456,126	2,705,587

The above employment costs reflect all employment contracts for The Engineering Technology Group Limited and its subsidiaries (excluding Hyfore Engineering Ltd). The proportion of employment costs which relate to fellow subsidiaries have been recharged to the relevant companies by way of a year end management charge which has been netted out in other administration expenses.

**7 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	599,323	609,982
Company pension contributions to defined contribution schemes	26,320	18,198
	625,643	628,180
	625,643	628,180

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	236,467	181,467
	236,467	181,467

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**7 Directors' remuneration** **(Continued)**

The above directors remuneration reflects all the directors' employment contracts with the company. The proportion of directors employment costs which relate to fellow subsidiaries has been recharged to the relevant companies by way of a year end management charge which has been netted out in other administration expenses.

**8 Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	-	4
	<u>          </u>	<u>          </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	4
	<u>          </u>	<u>          </u>

**9 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	25,365	27,269
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	38,455	47,548
	<u>          </u>	<u>          </u>
	<u>63,820</u>	<u>74,817</u>

**10 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	(78,858)	14,996
	<u>          </u>	<u>          </u>

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

10 Taxation	(Continued)	
	2021	2020
	£	£
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,039)	(2,501)
Changes in tax rates	1,449	474
Adjustment in respect of prior periods	2,592	-
	(1,998)	(2,027)
	(1,998)	(2,027)
Total tax (credit)/charge	(80,856)	12,969
	(80,856)	12,969

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

	2021	2020
	£	£
Profit/(loss) before taxation	1,312	(35,006)
	1,312	(35,006)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	249	(6,651)
Tax effect of expenses that are not deductible in determining taxable profit	2,944	2,965
Change in unrecognised deferred tax assets	2,978	-
Adjustments in respect of prior years	(78,858)	14,996
Effect of change in corporation tax rate	(715)	-
Group relief	(11,245)	(1,678)
Deferred tax adjustments in respect of prior years	2,592	474
Fixed asset differences	1,199	2,863
	(80,856)	12,969
	(80,856)	12,969

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11 Tangible fixed assets**

	Short leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2021	122,361	438,345	194,721	278,580	1,034,007
Additions	-	11,345	26,830	11,182	49,357
At 31 December 2021	<u>122,361</u>	<u>449,690</u>	<u>221,551</u>	<u>289,762</u>	<u>1,083,364</u>
<b>Depreciation and impairment</b>					
At 1 January 2021	42,696	370,181	135,954	268,951	817,782
Depreciation charged in the year	12,236	36,029	29,427	8,286	85,978
At 31 December 2021	<u>54,932</u>	<u>406,210</u>	<u>165,381</u>	<u>277,237</u>	<u>903,760</u>
<b>Carrying amount</b>					
At 31 December 2021	<u>67,429</u>	<u>43,480</u>	<u>56,170</u>	<u>12,525</u>	<u>179,604</u>
At 31 December 2020	<u>79,665</u>	<u>68,164</u>	<u>58,767</u>	<u>9,629</u>	<u>216,225</u>

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

	2021	2020
	£	£
Plant and machinery	<u>11,432</u>	<u>28,571</u>
Depreciation charge for the year in respect of leased assets	<u>17,139</u>	<u>17,143</u>

**12 Stocks**

	2021	2020
	£	£
Finished goods and goods for resale	<u>-</u>	<u>509</u>

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>13 Debtors</b>		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>			
Trade debtors		3,600	-
Amounts owed by group undertakings		6,289,466	6,332,499
Other debtors		61,014	61,014
Prepayments and accrued income		148,371	205,908
		<u>6,502,451</u>	<u>6,599,421</u>
		<u><u>6,502,451</u></u>	<u><u>6,599,421</u></u>
<b>14 Creditors: amounts falling due within one year</b>		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>15</b>	491,092	106,405
Obligations under finance leases	<b>16</b>	10,289	14,850
Trade creditors		185,826	287,090
Amounts owed to group undertakings		3,803,153	3,438,791
Taxation and social security		527,116	1,181,520
Deferred income	<b>18</b>	-	44,800
Other creditors		62,304	49,642
Accruals and deferred income		231,644	246,979
		<u>5,311,424</u>	<u>5,370,077</u>
		<u><u>5,311,424</u></u>	<u><u>5,370,077</u></u>
<b>15 Loans and overdrafts</b>		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Bank overdrafts		491,092	106,405
		<u>491,092</u>	<u>106,405</u>
		<u><u>491,092</u></u>	<u><u>106,405</u></u>

The bank loans and overdrafts are secured by a debenture over all the assets and undertakings of the company, together with cross corporate guarantees with group companies The Engineering Technology Group Limited and all its subsidiaries.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**16 Finance lease obligations**

	2021	2020
Future minimum lease payments due under finance leases:	£	£
Within one year	10,289	14,850
	<u>          </u>	<u>          </u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance lease liability is secured on the relevant assets.

**17 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021	Liabilities 2020
<b>Balances:</b>	<b>£</b>	<b>£</b>
ACAs	-	4,714
Other provisions	-	(2,716)
	<u>          </u>	<u>          </u>
	-	1,998
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		<b>2021</b>
		<b>£</b>
Liability at 1 January 2021		1,998
Credit to profit or loss		(1,998)
		<u>          </u>
Liability at 31 December 2021		-
		<u>          </u>

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18 Deferred income**

	2021	2020
	£	£
Other deferred income	-	44,800
	-	44,800

**19 Retirement benefit schemes**

	2021	2020
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	137,245	136,410
	137,245	136,410

The company operates 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 the year end, contributions amounting to £21,581 (2020 - £20,062) were payable and are included within other creditors.

**20 Share capital**

	2021	2020	2021	2020
	Number	Number	£	£
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary of £1 each	10,000	10,000	10,000	10,000
	10,000	10,000	10,000	10,000

**21 Financial commitments, guarantees and contingent liabilities**

An unlimited debenture has been given by the company in favour of the group's bankers in respect of loans and overdrafts due by group undertakings. The balance on other group companies' bank loans and overdrafts at the year end was £2,806,568 (2020 - £2,952,807 )

A further debenture has been given by the company in respect of securing loan notes issued by the ultimate parent company to J Temple, a company director. The balance on these loan notes, including accrued interest, amounted to £500,000 (2020 - £500,000) at the year end

At 31 December 2021 the company had entered into short-term forward exchange contracts amounting to £575,745 (2020 - £429,801).

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**22 Operating lease commitments**

**Lessee**

Operating lease payments represent rentals payable by the company for properties and motor vehicles.

The property lease has a term of ten years from 2020. The vehicle rentals are predominantly fixed for three years.

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

	2021	2020
	£	£
Within one year	329,894	369,188
Between two and five years	838,400	935,662
In over five years	715,522	902,180
	<u>1,883,816</u>	<u>2,207,030</u>

**23 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	<u>673,643</u>	<u>628,180</u>

**Transactions with related parties**

**Other information**

Intercompany balances are repayable on demand.

The company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**24 Directors' transactions**

There is no fixed date for repayment on directors' loans.

Description	% Rate	Opening balance £	Interest charged £	Closing balance £
Directors Loan	2.50	46,048	-	46,048
		<u>46,048</u>	<u>-</u>	<u>46,048</u>
		<u><u>46,048</u></u>	<u><u>-</u></u>	<u><u>46,048</u></u>

**25 Parent company**

The largest and smallest group within which the company are consolidated is the company's ultimate holding company, The Engineering Technology Group Limited whose registered office is Wellesbourne Distribution Park, Unit 16, Loxley Road, Wellesbourne, Warwickshire, CV35 9JY.

**26 Subsequent events**

On 30 June 2022 the entire trade, assets and liabilities of several group companies were transferred at book value to Chiron Werke UK Ltd (the company). The trade of these companies will continue, unaffected, in the company and the current trading activities of the company are also unaffected. The group companies in question are; Turning Technologies UK Limited, ETG Bridgeport Ltd, H K Technologies Ltd, HK3D Solutions Ltd, HK Laser Services Ltd and H K (Holdings) Ltd.

The board has also passed a resolution on 30 June 2022 to change the company name to 'The Engineering Technology Group Ltd'.

**THE ENGINEERING TECHNOLOGY GROUP LIMITED (FORMERLY CHIRON WERKE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>27 Cash (absorbed by)/generated from operations</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the year after tax	82,168	(47,976)
<b>Adjustments for:</b>		
Taxation (credited)/charged	(80,856)	12,969
Finance costs	63,820	74,817
Investment income	-	(4)
Depreciation and impairment of tangible fixed assets	85,978	76,799
<b>Movements in working capital:</b>		
Decrease in stocks	509	93,070
Decrease/(increase) in debtors	96,970	(258,393)
(Decrease)/increase in creditors	(393,979)	236,122
(Decrease)/increase in deferred income	(44,800)	44,800
<b>Cash (absorbed by)/generated from operations</b>	<b>(190,190)</b>	<b>232,204</b>

<b>28 Analysis of changes in net debt</b>	<b>1 January</b>	<b>Cash flows 31 December</b>	
	<b>2021</b>		<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	449	155,617	156,066
Bank overdrafts	(106,405)	(384,687)	(491,092)
	(105,956)	(229,070)	(335,026)
Obligations under finance leases	(14,850)	4,561	(10,289)
	(120,806)	(224,509)	(345,315)