

Advanced Tooling Systems UK Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2022

Advanced Tooling Systems UK Limited

Contents

Company Information	<u>1</u>
Strategic Report	<u>2 to 3</u>
Directors' Report	<u>4</u>
Statement of Directors' Responsibilities	<u>5</u>
Independent Auditor's Report	<u>6 to 10</u>
Profit and Loss Account	<u>11</u>
Statement of Comprehensive Income	<u>12</u>
Balance Sheet	<u>13</u>
Statement of Changes in Equity	<u>14</u>
Statement of Cash Flows	<u>15</u>
Notes to the Financial Statements	<u>16 to 34</u>

Advanced Tooling Systems UK Limited

Company Information

Directors	Mr Mark Terry Mr Adrian Gander Mr Keith William Best
Company secretary	Mr Adrian Gander
Registered office	Coldred Road Parkwood Industrial Estate Maidstone Kent ME15 9XX
Auditors	Pure Audit Limited Chartered Certified Accountants and Statutory Auditors 76 Canterbury Innovation Centre University Road Canterbury Kent CT2 7FG

Advanced Tooling Systems UK Limited

Strategic Report for the Year Ended 31 December 2022

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

Fair review of the business

The company is a trading company where the principal activity continues to be the production of specialist tooling, checking fixtures and automation equipment for the motor industry, aerospace industry, building products, and packaging sectors in the United Kingdom and Europe

The performance of the Company during 2022 has been reasonable given the ongoing difficulties left over from Covid and Brexit. But the massive hike in utility costs have had an effect on the bottom line. The UK motor business continues to be the largest sector for the Company, although We have seen good growth in the aerospace sectors with lots of new enquires and projects won for several air shows in 2023. The new area in the packaging sector is continuing to see growth and we believe this will be a significant part of our business in the coming years.

The Company has had significant investment in 2022 with 4 new CNC machines, leaving us with one of the UK's largest CNC facilities which is still continuing to grow.

The Company will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments. We aim to improve efficiency in all areas of our operations through cost reduction, increased use of technology and continued development of the automated equipment and processes.

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Return on capital employed	%	4.32	6.13
Debtor days	days	121.00	180.00
Quick (Acid Test) Ratio		4.17	3.07

Advanced Tooling Systems UK Limited

Strategic Report for the Year Ended 31 December 2022

Principal risks and uncertainties

The principal risks are with:

Reduction of sales orders from customers. Increased cost of material and uncertainty in supply, we have been managing this over the last 12 months and are expecting these issues to get better in 2023.

The increase in interest rates will significantly reduce investment over the coming years, while ATS borrowings are low this won't affect our trading but could affect our customers willingness to invest in new equipment.

Supply of raw materials / bought in items / products - the company maintains a number of alternative suppliers for the majority of its materials and can switch suppliers if necessary.

Cashflow - The company has £131,478.50 in cash as at 24th August 2023. The business also has significant production equipment and assets it can use to obtain asset backed lease funds if necessary.

The Directors believe the business has sufficient cash, customer orders and funding options to continue operating for the foreseeable future being at least 12 months from the date of these accounts.

Approved and authorised by the Board on 24 August 2023 and signed on its behalf by:

.....
Mr Adrian Gander

Company secretary and director

Advanced Tooling Systems UK Limited

Directors' Report for the Year Ended 31 December 2022

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

Directors of the company

The directors who held office during the year were as follows:

Mr Mark Terry

Mr Adrian Gander - Company secretary and director

Mr Keith William Best

Future developments

The growth of the UK economy in 2022 has been slow as the hike in interest rates hits the market and the energy prices hit the bottom line. We are seeing good growth in inquiries and a steady stream of work but the economic growth will be very slow due to the interest rates and inflation for the next few years. We are also seeing significant issues with our competitors which will also leave opportunities for the more financially stable company's.

Going concern

The company specialises in bespoke production machinery in the automotive industry, full mock up for the interiors of the aircraft industry, injection tooling and white goods industry and has grown revenue and has been profitable for the past 10 years. The company has a customer base of OEM in the car industry and First Tier suppliers of whom are all international companies. The company offers products to all its customers and has strong relationships with all of them. Revenue is spread across the customers with the automotive sector customers accounting for approx. 50%, Aircraft industry approx. 25% the remaining 25% made up of white goods / building industry / electrical / packaging / personal safety equipment of 2022 revenue.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Pure Audit Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 24 August 2023 and signed on its behalf by:

.....

Mr Adrian Gander
Company secretary and director

Advanced Tooling Systems UK Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

Opinion

We have audited the financial statements of Advanced Tooling Systems UK Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

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 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 director's 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 original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 Statement of Directors' Responsibilities [set out on page 5], 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 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:

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

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

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.

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 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 and any matters we identified having reviewed the Company's policies and procedures; 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.

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 relation to revenue recognition. 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 and focused on 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 the Companies Act 2006 and local tax legislation.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as key audit matter related to the potential risk of fraud. 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;
- obtaining an understanding of provisions and discussing with management to understand the basis of recognition or non-recognition of tax provisions; and in addressing the risk 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.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

.....

R M Asif Rafique (Senior Statutory Auditor)

For and on behalf of Pure Audit Limited, Statutory Auditor

76 Canterbury Innovation Centre

University Road

Canterbury

Kent

CT2 7FG

24 August 2023

Advanced Tooling Systems UK Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	6,035,251	5,414,679
Cost of sales		<u>(4,894,866)</u>	<u>(4,219,820)</u>
Gross profit		1,140,385	1,194,859
Administrative expenses		(990,903)	(1,082,218)
Other operating income	<u>4</u>	<u>119,912</u>	<u>295,297</u>
Operating profit	<u>5</u>	<u>269,394</u>	<u>407,938</u>
Other interest receivable and similar income	<u>6</u>	23	40
Interest payable and similar expenses	<u>7</u>	<u>(15,620)</u>	<u>(36,282)</u>
		<u>(15,597)</u>	<u>(36,242)</u>
Profit before tax		253,797	371,696
Tax on profit	<u>11</u>	<u>35,682</u>	<u>(188,939)</u>
Profit for the financial year		<u><u>289,479</u></u>	<u><u>182,757</u></u>

The above results were derived from continuing operations.

Advanced Tooling Systems UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £	2021 £
Profit for the year	289,479	182,757
Surplus on property, plant and equipment revaluation	3,175	3,175
Deficit on revaluation of other assets	(3,175)	(3,175)
	-	-
Total comprehensive income for the year	289,479	182,757

Advanced Tooling Systems UK Limited

(Registration number: 04610282)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>12</u>	340,117	433,740
Tangible assets	<u>13</u>	1,716,099	1,577,228
Investments	<u>14</u>	100	100
		<u>2,056,316</u>	<u>2,011,068</u>
Current assets			
Stocks	<u>15</u>	77,125	53,250
Debtors	<u>16</u>	5,086,424	5,622,152
Cash at bank and in hand		310,944	301,545
		<u>5,474,493</u>	<u>5,976,947</u>
Creditors: Amounts falling due within one year	<u>18</u>	<u>(1,295,809)</u>	<u>(1,909,366)</u>
Net current assets		<u>4,178,684</u>	<u>4,067,581</u>
Total assets less current liabilities		6,235,000	6,078,649
Creditors: Amounts falling due after more than one year	<u>18</u>	<u>(404,856)</u>	<u>(609,045)</u>
Provisions for liabilities	<u>19</u>	<u>(156,885)</u>	<u>(85,824)</u>
Net assets		<u>5,673,259</u>	<u>5,383,780</u>
Capital and reserves			
Called up share capital		4,200,000	4,200,000
Revaluation reserve		124,428	127,603
Retained earnings		<u>1,348,831</u>	<u>1,056,177</u>
Shareholders' funds		<u>5,673,259</u>	<u>5,383,780</u>

Approved and authorised by the Board on 24 August 2023 and signed on its behalf by:

.....
Mr Adrian Gander
Company secretary and director

Advanced Tooling Systems UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
At 1 January 2022	4,200,000	127,603	1,056,177	5,383,780
Profit for the year	-	-	289,479	289,479
Other comprehensive income	-	(3,175)	3,175	-
Total comprehensive income	-	(3,175)	292,654	289,479
At 31 December 2022	4,200,000	124,428	1,348,831	5,673,259
	Share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
At 1 January 2021	4,200,000	130,778	870,245	5,201,023
Profit for the year	-	-	182,757	182,757
Other comprehensive income	-	(3,175)	3,175	-
Total comprehensive income	-	(3,175)	185,932	182,757
At 31 December 2021	4,200,000	127,603	1,056,177	5,383,780

Advanced Tooling Systems UK Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		289,479	182,757
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	249,626	219,872
Finance income	<u>6</u>	(23)	(40)
Finance costs	<u>7</u>	15,620	36,282
Income tax expense	<u>11</u>	<u>(35,682)</u>	<u>188,939</u>
		519,020	627,810
Working capital adjustments			
Increase in stocks	<u>15</u>	(23,875)	(1,443)
Decrease/(increase) in trade debtors	<u>16</u>	543,645	(1,660,247)
(Decrease)/increase in trade creditors	<u>18</u>	<u>(543,393)</u>	<u>1,108,153</u>
Cash generated from operations		495,397	74,273
Income taxes paid	<u>11</u>	<u>(7,916)</u>	-
Net cash flow from operating activities		<u>487,481</u>	<u>74,273</u>
Cash flows from investing activities			
Interest received	<u>6</u>	23	40
Acquisitions of tangible assets		<u>(294,875)</u>	<u>(21,891)</u>
Net cash flows from investing activities		<u>(294,852)</u>	<u>(21,851)</u>
Cash flows from financing activities			
Interest paid	<u>7</u>	(15,620)	(36,282)
Proceeds from bank borrowing draw downs		(103,925)	(353,174)
Payments to finance lease creditors		<u>(63,685)</u>	<u>(61,478)</u>
Net cash flows from financing activities		<u>(183,230)</u>	<u>(450,934)</u>
Net increase/(decrease) in cash and cash equivalents		9,399	(398,512)
Cash and cash equivalents at 1 January		<u>301,545</u>	<u>700,057</u>
Cash and cash equivalents at 31 December		<u><u>310,944</u></u>	<u><u>301,545</u></u>

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Coldred Road
Parkwood Industrial Estate
Maidstone
Kent
ME15 9XX

These financial statements were authorised for issue by the Board on 24 August 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company has taken advantage of section 405(2) of the Companies Act 2006 not to prepare group accounts since, in the opinion of the directors the inclusion of the subsidiary undertakings is not material in the context of the financial statements. The parent company, Advanced Tooling Systems (Group) Ltd, a company registered in England, has prepared group accounts which include the accounts of Advanced Tooling Systems UK Ltd and its subsidiary.

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further detail about current uncertainty and going concern are in the strategic report.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) Impairment of intangible assets and goodwill

The Company considers whether intangible assets and / or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

ii) Useful economic lives of tangible assets and goodwill

The annual depreciation and amortisation charge for tangible assets and goodwill is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets. See notes 11 and 12 for the carrying amounts of intangible and tangible assets and note 2 for the useful economic lives for each class of assets.

iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the ageing profile of debtors and historical experience..

Revenue recognition

Income represents revenue earned under a wide variety of contracts to provide goods and services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to customers, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to customers is included in debtors and payments on account in excess of the relevant amount of revenue are included in other creditors.

Contract revenue recognition

Amounts recoverable on contracts are stated at the expected selling price attainable at the year end and represent work in progress that has not been billed at the year end.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Foreign currency transactions and balances

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

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

On transition to FRS 102, the company has taken advantage of transitional relief to use a previous GAAP revaluation as deemed cost for freehold property. Land and buildings were initially recognised at cost and revalued in 2012. Freehold land and buildings are subsequently carried at the deemed cost as permitted under FRS102 less accumulated depreciation and accumulated impairment losses.

All other items of plant, equipment and motor vehicle are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% on cost

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Plant and machinery	15% on reducing balance
Furniture and fittings	25% on reducing balance
Motor vehicles	25% on reducing balance
Office equipment	50% on cost

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses in 2003, 2006 and 2007, is being amortised evenly over its estimated useful life of twenty years. The directors believe that the remaining life of 3.5 years at the year end is a reasonable estimate of the period over which the economic benefits are expected to flow to the company.

Intangible assets

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

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	straight line over 20 years
Computer software	straight line over 2 years

Investments

Investments in subsidiary undertakings are recognised on cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Stocks

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

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	6,035,251	5,414,679

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Government grants	-	198,341
Miscellaneous other operating income	119,912	96,956
	119,912	295,297

5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	156,003	126,249
Amortisation expense	93,623	93,623
Operating lease expense - plant and machinery	8,674	10,113
Operating lease expense - other	428	5,870

6 Other interest receivable and similar income

	2022	2021
	£	£
Other finance income	23	40

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and borrowings	9,689	28,143
Interest on obligations under finance leases and hire purchase contracts	5,931	8,139
	<u>15,620</u>	<u>36,282</u>

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	1,124,627	1,011,029
Social security costs	129,670	109,028
Pension costs, defined contribution scheme	43,118	39,060
	<u>1,297,415</u>	<u>1,159,117</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	25	24
Other departments	3	2
	<u>28</u>	<u>26</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Contributions paid to money purchase schemes	<u>17,191</u>	<u>15,516</u>

10 Auditors' remuneration

	2022	2021
	£	£
Audit of the financial statements	<u>4,500</u>	<u>4,200</u>

11 Taxation

Tax charged/(credited) in the income statement

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	2022 £	2021 £
Current taxation		
UK corporation tax	-	106,743
UK corporation tax adjustment to prior periods	(106,743)	(3,628)
	(106,743)	103,115
Deferred taxation		
Arising from origination and reversal of timing differences	71,061	85,824
Tax (receipt)/expense in the income statement	(35,682)	188,939

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	253,797	371,696
Corporation tax at standard rate	48,221	70,622
Effect of expense not deductible in determining taxable profit (tax loss)	289	248
Decrease in UK and foreign current tax from unrecognised tax loss or credit	-	(3,628)
Deferred tax expense from unrecognised temporary difference from a prior period	71,061	85,824
Decrease in UK and foreign current tax from adjustment for prior periods	(106,743)	-
Tax (decrease)/increase from effect of capital allowances and depreciation	(23,610)	35,873
Tax decrease arising from group relief	(24,900)	-
Total tax (credit)/charge	(35,682)	188,939

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Intangible assets

	Goodwill	Other intangible assets	Total
	£	£	£
Cost or valuation			
At 1 January 2022	1,882,600	74,794	1,957,394
At 31 December 2022	1,882,600	74,794	1,957,394
Amortisation			
At 1 January 2022	1,448,860	74,794	1,523,654
Amortisation charge	93,623	-	93,623
At 31 December 2022	1,542,483	74,794	1,617,277
Carrying amount			
At 31 December 2022	340,117	-	340,117
At 31 December 2021	433,740	-	433,740

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation					
At 1 January 2022	1,532,328	373,047	26,549	2,434,317	4,366,241
Additions	-	10,778	-	284,097	294,875
At 31 December 2022	1,532,328	383,825	26,549	2,718,414	4,661,116
Depreciation					
At 1 January 2022	441,912	361,735	10,809	1,974,557	2,789,013
Charge for the year	30,646	9,844	3,935	111,579	156,004
At 31 December 2022	472,558	371,579	14,744	2,086,136	2,945,017
Carrying amount					
At 31 December 2022	1,059,770	12,246	11,805	632,278	1,716,099
At 31 December 2021	1,090,416	11,312	15,740	459,760	1,577,228

Included within the net book value of land and buildings above is £256,422 (2021 - £263,921) in respect of freehold land and buildings, and £803,348 (2021 - £826,495) in respect of leasehold land and buildings. The leasehold property is on 100 years lease from Feb 1979 to Feb 2078.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2022	2021
	£	£
Plant and machinery	179,131	210,742

14 Investments

	2022	2021
	£	£
Investments in subsidiaries	100	100
Subsidiaries		£
Cost or valuation		
At 1 January 2022		100
Provision		
Carrying amount		
At 31 December 2022		100
At 31 December 2021		100

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Millaber Holdings Limited	Coldred Road Maidstone Parkwood Kent ME15 9XX United Kingdom	Ordinary	100%	100%

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Subsidiary undertakings

Millaber Holdings Limited

The principal activity of Millaber Holdings Limited is a dormant company.

15 Stocks

	2022 £	2021 £
Other inventories	77,125	53,250

16 Debtors

	Note	2022 £	2021 £
Current			
Trade debtors		2,005,316	2,661,600
Amounts owed by related parties	<u>24</u>	1,408,427	1,385,566
Other debtors		23,828	4,398
Prepayments		21,711	20,349
Gross amount due from customers for contract work		1,619,226	1,550,239
Income tax asset	<u>11</u>	7,916	-
		5,086,424	5,622,152

17 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	38	68
Cash at bank	310,906	301,477
	310,944	301,545

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

18 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	<u>22</u>	207,478	170,899
Trade creditors		432,977	1,105,695
Amounts due to related parties	<u>24</u>	65,507	65,537
Social security and other taxes		37,224	275,420
Other payables		531,295	166,021
Accrued expenses		21,328	19,051
Income tax liability	<u>11</u>	-	106,743
		1,295,809	1,909,366
Due after one year			
Loans and borrowings	<u>22</u>	404,856	609,045

19 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2022	85,824	85,824
Additional provisions	71,061	71,061
At 31 December 2022	156,885	156,885

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £43,118 (2021 - £39,060).

Contributions totalling £5,900 (2021: £5,014) were payable to the pension scheme at the year end.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

21 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary A Class of £1 each	2,520,000	2,520,000	2,520,000	2,520,000
Ordinary B Class of £1 each	1,680,000	1,680,000	1,680,000	1,680,000
	4,200,000	4,200,000	4,200,000	4,200,000
	4,200,000	4,200,000	4,200,000	4,200,000

22 Loans and borrowings

	2022	2021
	£	£
Non-current loans and borrowings		
Bank borrowings	350,000	488,215
HP and finance lease liabilities	54,856	120,830
	404,856	609,045
	404,856	609,045

	2022	2021
	£	£
Current loans and borrowings		
Bank borrowings	141,504	107,214
HP and finance lease liabilities	65,974	63,685
	207,478	170,899
	207,478	170,899

Bank borrowings

Bank loans is denominated in sterling with a nominal interest rate of 1.75% over base rate, and the final instalment is due on 22 March 2023. The carrying amount at year end is £41,504 (2021 - £95,429).

National Westminster Bank plc holds an Unscheduled Mortgage Debenture dated 31st July 2003 incorporating a fixed and floating charge over all current and future assets of the company.

The Bank Loan from Natwest bank is secured against the Land & Buildings at Coldred Road, Maidstone, Kent and its associated assets. The charge was created on 19th October 2007.

CBILS Bank Loan is denominated in sterling with a nominal interest rate of 2.62% over base rate, and the final instalment is due on 9 June 2027. The carrying amount at year end is £450,000 (2021 - £500,000).

The CBILS Loan is secured against the existing debenture held as detailed above.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

23 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	65,974	63,686
Later than one year and not later than five years	54,856	120,830
	<u>120,830</u>	<u>184,516</u>

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	6,961	1,456

The amount of non-cancellable operating lease payments recognised as an expense during the year was £9,102 (2021 - £15,983).

24 Related party transactions

Summary of transactions with entities with joint control or significant interest

Income and receivables from related parties

	Parent
	£
2022	
Sale of goods	120,537
Amounts receivable from related party	<u>1,408,427</u>

	Parent
	£
2021	
Sale of goods	104,794
Amounts receivable from related party	<u>1,385,566</u>

Expenditure with and payables to related parties

	Parent
	£
2022	
Rendering of services	1,344,930
Amounts payable to related party	<u>65,507</u>

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	Parent £
2021	
Rendering of services	1,191,546
Amounts payable to related party	<u>65,537</u>

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

25 Financial instruments

Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

26 Parent and ultimate parent undertaking

Advanced Tooling Systems (Group) Limited is controlled by its Directors K Best and A Gander

The company's immediate parent is Advanced Tooling Systems (Holdings) Limited, incorporated in UK.

The ultimate parent is Advanced Tooling Systems (Group) Ltd, incorporated in UK.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.