

Company Registration No. 07712250 (England and Wales)

MTL ADVANCED LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

MTL ADVANCED LTD

COMPANY INFORMATION

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

MTL ADVANCED LTD

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MTL ADVANCED LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Strategic Report for the year ended 31 December 2021, as follows:

Business Review

The business has emerged strongly from what we believe were the main impacts of the Coronavirus crisis. Turnover was assisted to some extent by a rising metals market but, along with operating profits, showed good growth to levels above those achieved pre crisis. There is a great deal of optimism about growth opportunities and performance in the future, and future success will continue to be grounded in upholding ongoing exceptional levels of customer service, product quality and value for money offerings in the market.

Total headcount at year end was 266.

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

Principal risks and uncertainties

The principal risks to the business include the following:

1. *Operating in a very competitive marketplace.* The company has consistently demonstrated its ability to mitigate this risk through provision of high-quality products at competitive prices with strong values in customer care and reliable delivery performance.
2. *Changes in technology.* The company mitigates this risk by continued re-investment in the latest available state of the art production equipment, allowing control of operating costs and highest levels of efficiency to maintain its position as market leader.
3. *Brexit.* There is still uncertainty around the ultimate outcome and implications of the UK's recent departure from the EU. At present, the company is not aware of any specific issues giving rise to concern, but will continue to monitor this situation.
4. *Covid 19.* There are still unknowns about the long-term outcome of the Coronavirus crisis and any likely further impacts on the business.
5. *Economic Uncertainty.* At the date of this report, there are many uncertainties around the economic and other general impacts of recent events in Ukraine and any potential impacts on the business.
6. *Excessive and intrusive government legislation.* A company's ability to remain competitive in a global supply chain can be negatively affected by unnecessary red-tape legislation.

Financial and other performance indicators

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

- Turnover £34.9 million (2020: £28.5 million)
- Gross Margin 21.7% (2020: 21.2%)
- Operating Profit £2.98 million (2020: £2.24 million)

On behalf of the board

J S Hartley
Director

1 July 2022

MTL ADVANCED LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activities of the company are those of laser, plasma and waterjet cutting, pressbraking, machining, painting, fabrication, assembly and project management services.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a final dividend.

Directors

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

J S Hartley
W Tierney

Disabled persons

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

Employee involvement

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

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

Auditor

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

MTL ADVANCED LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Disclosure

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

On behalf of the board

J S Hartley
Director

1 July 2022

MTL ADVANCED LTD

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

Opinion

We have audited the financial statements of MTL Advanced Ltd (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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.

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.

MTL ADVANCED LTD

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

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

MTL ADVANCED LTD

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

Identifying and assessing potential risks related to irregularities

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

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

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

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

Audit response to risks identified

Our procedures to respond to risks identified included the following:

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

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

MTL ADVANCED LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF MTL ADVANCED LTD

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

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to 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 member for our audit work, for this report, or for the opinions we have formed.

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

18 July 2022

Chartered Accountants
Statutory Auditor

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

MTL ADVANCED LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£	£
Turnover	3	34,862,452	28,523,652
Cost of sales		(27,307,256)	(22,489,629)
Gross profit		7,555,196	6,034,023
Distribution costs		(1,487,498)	(1,508,901)
Administrative expenses		(3,218,911)	(2,977,795)
Other operating income		132,665	694,689
Operating profit	4	2,981,452	2,242,016
Interest expense and similar expenses	6	(17,873)	(105,920)
Profit before taxation		2,963,579	2,136,096
Tax on profit	7	(490,059)	(395,992)
Profit for the financial year		2,473,520	1,740,104

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

MTL ADVANCED LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	9		2,869,864		2,058,993
Current assets					
Stocks	10	7,221,886		3,912,266	
Debtors	11	7,120,720		7,896,027	
Cash at bank and in hand		5,059,487		3,662,644	
		<u>19,402,093</u>		<u>15,470,937</u>	
Creditors: amounts falling due within one year	12	<u>(10,851,473)</u>		<u>(8,445,342)</u>	
Net current assets			<u>8,550,620</u>		<u>7,025,595</u>
Total assets less current liabilities			<u>11,420,484</u>		<u>9,084,588</u>
Creditors: amounts falling due after more than one year	13		(1,213,339)		(457,257)
Provisions for liabilities					
Deferred tax liability	15	<u>(106,294)</u>		-	
			<u>(106,294)</u>		-
Net assets			<u><u>10,100,851</u></u>		<u><u>8,627,331</u></u>
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss reserves			<u>10,099,851</u>		<u>8,626,331</u>
Total equity			<u><u>10,100,851</u></u>		<u><u>8,627,331</u></u>

The financial statements were approved by the board of directors and authorised for issue on 1 July 2022 and are signed on its behalf by:

J S Hartley
Director

Company Registration No. 07712250

MTL ADVANCED LTD

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

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 January 2020	1,000	6,886,227	6,887,227
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	1,740,104	1,740,104
Balance at 31 December 2020	1,000	8,626,331	8,627,331
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	2,473,520	2,473,520
Dividends	8	(1,000,000)	(1,000,000)
Balance at 31 December 2021	1,000	10,099,851	10,100,851

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

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

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

1.1 Accounting convention

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

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

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

The company has taken advantage of exemptions from the following disclosure requirements:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 paragraphs 11.39 to 11.48A and and Section 12 paragraphs 12.26 to 12.29A.
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of WEC Group Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Britannia House, Junction Street, Darwen, Lancashire, BB3 2RB.

1.2 Going concern

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

1.3 Turnover

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

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

1.4 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.

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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

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

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

1.5 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).

1.6 Stocks

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

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

1.7 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.

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.

Basic financial assets

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

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are recognised at transaction price.

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

1.9 Taxation

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

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.10 Retirement benefits

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

1.11 Hire purchase and operating leases

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

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

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

1.12 Government grants

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

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	34,678,271	28,098,175
Rest of Europe	184,181	425,477
	<u>34,862,452</u>	<u>28,523,652</u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(111,909)	(694,689)
Fees payable to the company's auditor for the audit of the company's financial statements	14,046	13,697
Depreciation of owned tangible fixed assets	345,614	498,681
Depreciation of tangible fixed assets held under hire purchase and finance leases	430,876	339,263
Profit on disposal of tangible fixed assets	-	(4,200)
Operating lease charges	650,000	650,000
	<u>650,000</u>	<u>650,000</u>

Included within government grants is £111,909 (2020: £694,689) which was received as part of the government JRS scheme.

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

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

	2021 Number	2020 Number
Directors	2	3
Administrative	50	52
Production	214	194
Total	<u>266</u>	<u>249</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	8,745,389	7,670,345
Social security costs	790,621	602,759
Pension costs	204,917	195,723
	<u>9,740,927</u>	<u>8,468,827</u>

A reclassification of £298,266 has been made in financial reporting period ended 31 December 2020 from pension costs to wages and salaries costs. Out of this total £202,075 & £66,818 has been reclassified from administrative expenses to cost of sales and distribution costs respectively, the remainder has stayed within administrative expenses.

6 Interest and similar expenses

	2021 £	2020 £
Interest on hire purchase and finance leases	17,873	18,658
Interest expense to group undertakings	-	87,262
	<u>17,873</u>	<u>105,920</u>

7 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	254,323	445,329
Adjustments in respect of prior periods	4,868	-
Total current tax	<u>259,191</u>	<u>445,329</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7	Taxation	(Continued)	
		2021	2020
		£	£
	Deferred tax		
	Origination and reversal of timing differences	270,207	(49,337)
	Changes in tax rates	(39,339)	-
	Total deferred tax	<u>230,868</u>	<u>(49,337)</u>
	Total tax charge	<u>490,059</u>	<u>395,992</u>

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

	2021	2020
	£	£
Profit before taxation	<u>2,963,579</u>	<u>2,136,096</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	563,080	405,858
Tax effect of expenses that are not deductible in determining taxable profit	921	37,072
Tax effect of income not taxable in determining taxable profit	(27,075)	-
Adjustments in respect of prior years	4,868	-
Effect of change in the deferred tax rate	25,510	(8,851)
Group relief	-	(40,248)
Permanent fixed asset differences	(73,393)	2,161
Research and development tax credit	(3,852)	-
Taxation charge for the year	<u>490,059</u>	<u>395,992</u>
8	Dividends	
	2021	2020
	£	£
Interim paid	<u>1,000,000</u>	<u>-</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Tangible fixed assets	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	109,466	5,501,030	261,347	31,695	5,903,538
Additions	-	1,534,539	52,822	-	1,587,361
At 31 December 2021	<u>109,466</u>	<u>7,035,569</u>	<u>314,169</u>	<u>31,695</u>	<u>7,490,899</u>
Depreciation and impairment					
At 1 January 2021	60,125	3,615,903	148,197	20,320	3,844,545
Depreciation charged in the year	21,888	700,022	48,844	5,736	776,490
At 31 December 2021	<u>82,013</u>	<u>4,315,925</u>	<u>197,041</u>	<u>26,056</u>	<u>4,621,035</u>
Carrying amount					
At 31 December 2021	<u>27,453</u>	<u>2,719,644</u>	<u>117,128</u>	<u>5,639</u>	<u>2,869,864</u>
At 31 December 2020	<u>49,341</u>	<u>1,885,127</u>	<u>113,150</u>	<u>11,375</u>	<u>2,058,993</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 equipment	<u>1,582,894</u>	<u>710,387</u>
Depreciation charge for the year in respect of assets held under hire purchase contracts	<u>430,876</u>	<u>339,263</u>
10 Stock		
	2021	2020
	£	£
Raw materials and consumables	3,645,181	2,021,084
Work in progress	3,576,705	1,891,182
	<u>7,221,886</u>	<u>3,912,266</u>

A decrease in the provision for impairment loss of £190,467 (2020: Increase of £202,122) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	6,571,742	7,490,078
Corporation tax recoverable	113,519	-
Amounts owed by group undertakings	154,757	58,087
Other debtors	53,877	22,873
Prepayments and accrued income	226,825	200,415
	<u>7,120,720</u>	<u>7,771,453</u>
Deferred tax asset (note 15)	-	124,574
	<u>7,120,720</u>	<u>7,896,027</u>

The amounts owed by group undertakings have no fixed repayment terms.

12 Creditors: amounts falling due within one year

		2021	2020
	Notes	£	£
Obligations under hire purchase	14	353,084	265,127
Trade creditors		4,856,219	4,532,925
Amounts due to group undertakings		1,268,703	358,311
Corporation tax		-	216,105
Other taxation and social security		703,154	1,218,106
Deferred income	16	1,219,413	-
Other creditors		183,295	-
Accruals and deferred income		2,267,605	1,854,768
		<u>10,851,473</u>	<u>8,445,342</u>

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

The amounts owed to group undertakings have no fixed repayment terms.

13 Creditors: amounts falling due after more than one year

		2021	2020
	Notes	£	£
Obligations under hire purchase	14	1,213,339	457,257

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

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Hire purchase obligations

	2021	2020
	£	£
Future minimum payments due under hire purchase agreements:		
Within one year	353,084	265,127
In two to five years	782,760	457,257
In over five years	430,579	-
	<u>1,566,423</u>	<u>722,384</u>

15 Deferred taxation

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

	Liabilities 2021	Liabilities 2020	Assets 2021	Assets 2020
	£	£	£	£
Balances:				
Fixed asset timing differences	110,411	-	-	121,858
Other timing differences	(4,117)	-	-	2,716
	<u>106,294</u>	<u>-</u>	<u>-</u>	<u>124,574</u>
				2021
Movements in the year:				£
Asset at 1 January 2021				(124,574)
Charge to profit or loss				230,868
				<u>106,294</u>
Liability at 31 December 2021				<u>106,294</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

16 Deferred income

	2021	2020
	£	£
Deferred income	<u>1,219,413</u>	<u>-</u>

Deferred income has arisen due to invoices being raised in advance of completed orders being despatched.

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>204,917</u>	<u>195,723</u>

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

At balance sheet date, these contributions outstanding totalled £43,382 (2020: £38,309)

A reclassification of £298,266 has been made in financial reporting period ended 31 December 2020 from pension costs to wages and salaries costs. Out of this total £202,075 & £66,818 has been reclassified from administrative expenses to cost of sales and distribution costs respectively, the remainder has stayed within administrative expenses.

18 Share capital

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

19 Operating lease commitments

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

	2021	2020
	£	£
Within one year	650,000	650,000
Between two and five years	<u>1,516,667</u>	<u>2,166,667</u>
	<u>2,166,667</u>	<u>2,816,667</u>

20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of tangible fixed assets	<u>109,504</u>	<u>-</u>

MTL ADVANCED LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Related party transactions

Transactions with related parties

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

The company made purchases from companies that are connected by common control of £674,316 (2020 - £370,678). A total of £134,226 (2020 - £43,434) was due to these companies at the year end.

The company purchased services from a company with a common director totalling £669,480 (2020 - £671,952). At the balance sheet date, an amount of £NIL (2020 - £NIL) was owed.

22 Ultimate controlling party

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

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