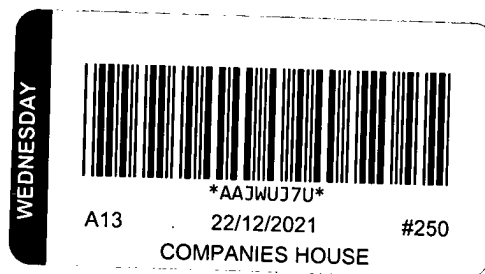


**Dynamatic Limited**

**Annual report and financial statements**

Registered number 06243736

31 March 2021



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## **Directors and advisers**

### **Directors**

A Mishra  
M Handley  
S Hayes  
P Malhoutra  
U Malhoutra  
J Tucker  
G Dore  
P de Bausset

### **Registered office**

Cheney Manor Industrial Estate  
Swindon  
Wiltshire  
SN2 2PZ

### **Registered auditor**

Deloitte LLP  
Statutory Auditor  
Bristol  
United Kingdom

## Strategic Report

### Principal activities

The principal activities of the Company are the design, development and manufacture of gear pumps, valves and integrated hydraulic packages for the agricultural and off-road vehicle market and the manufacture of engineered parts for the aerospace industry.

### Business review

The results of the Company for the year are a pre-tax loss of £1,752,000 (2020: loss of £623,000) and for the Group, £1,790,000 loss (2020: £798,000 loss). Losses in the year, compared to prior year, were impacted by the global Covid-19 pandemic, the impact of which was acutely felt in the Aerospace division. The Group recorded a turnover of £17,556,000 (2020: £26,485,000) with a sharp decline in the Aerospace division but a broadly similar result to prior year in the Hydraulics division where the impact of the pandemic was brief and not significant. We took steps through the year to review and reduce workforce in line with future business volume expectations and utilised the UK Government Coronavirus Job Retention Scheme ('CJRS') in an attempt to reduce layoffs.

Equity shareholder's funds amount to £11,590,000 (2020: £12,911,000) for the Company and £11,344,000 (2020: £12,720,000) for the Group.

The results for the year were in line with expectations for sales at this level.

### Future outlook

As part of the Dynamatic Technologies Limited Group ("DTL Group"), the Group is well positioned to benefit from increased sales as the DTL Group realigns its global production and expands into new markets. Continued investment in new high technology machinery and enhancing staff skillsets, new products and operational efficiency gains enables the Group to be confident of enhancing its profitability in the coming years.

In our Aerospace division the pandemic issue has had a short term significant impact on our commercial aviation contracts but no discernible impact on our military programmes. In our Hydraulics division the effect on demand is less significant and we expect the downturn in this market to be modest and short-lived.

Inevitably there has been macro-economic disruption and initially supply chains were affected but a return to normal levels of certainty of supply is starting to emerge. However, the overall scale and duration of the Covid-19 impact remains uncertain with likely impacts to earnings and cash flow in the coming financial year and possibly the next; but the diversified nature of our business, with a pipeline of new opportunities some of which crystallise in the coming year, provide us with confidence that we will remain resilient to the global uncertainty.

The upcoming exit of the United Kingdom from the European Union creates some unprecedented uncertainty when looking to the future. However, the Company has reviewed the anticipated risks with senior management of both divisions in a series of periodic reviews. Actions have been taken to assess supply chain, financial and tax/duty related risks and published UK Government advice has been followed where appropriate.

There are, however, a number of risks and uncertainties that could affect the level of business and profitability. These are discussed below.

### Key performance indicators

The principal performance indicators used by the Board are as follows:

KPI – percentage of sales	2021	2020
	%	%
Gross profit	5.5	12.8
EBITDA	(3.1)	1.9
Operating profit	(9.3)	(2.4)

## **Strategic Report** *(continued)*

### **Key performance indicators** *(continued)*

A reduction in revenue compared to the prior year, and a change in programme mix, has diluted both gross profit and EBITDA percentages. A general softening of demand in the Hydraulics sector and the known winding down of some Aerospace programmes has impacted both the revenue figure and the gross profit/EBITDA whilst there has also been some modest growth in operating expenses.

### **Principal risks and uncertainties**

#### *Competition*

The Group is actively developing lean and agile manufacturing techniques to maintain competitiveness against products from lower cost economies, whilst maintaining production to high quality standards.

#### *Quality*

The Group's quality programme is stringent and monitored both internally and externally, through third party and customer audits. This programme is designed to prevent any decline in standards and the potential threat this would have to the Company's reputation and future sales.

#### *Exchange rate movements*

A substantial part of the Group's income is in currencies other than Sterling. A sustained shift in exchange rates could have a significant impact on profitability and, where applicable, therefore, the Group uses its foreign currency to purchase raw materials. The Group regularly reviews the need to enter into forward contracts for future currency receipts.

#### *Economic risk*

The outlook for the markets in which the Company operates is uncertain, especially as a consequence of the Covid-19 pandemic. However, the portfolio of markets we service provides some balance of risk and our ability to develop new products creates significant near-term opportunities to offset the inevitable global economic downturn.

#### *Going concern*

The directors are of the opinion that, having reviewed performance forecast (particularly in the context of the global Covid-19 pandemic), the Group has adequate resources to continue its operations for the foreseeable future. This opinion is underpinned by the undertaking provided by the ultimate parent company, Dynatomic Technologies Limited, that it will provide funding if required in order to enable the entity to continue to meet its obligations and that this undertaking will remain in place for at least 12 months from date of signing of the account. Consequently we continue to adopt the going concern basis in preparation of the financial statements.

## Strategic Report *(continued)*

### Financial risk management

#### *Price risk*

The nature of the Group's business exposes it to fluctuations in raw material prices. As the nature and size of the Group's operations change, it will continue to assess its procurement policy. The Group has no exposure to equity securities price risk.

#### *Credit risk*

Cash deposits are only placed with financial institutions having a high quality investment grade credit rating.

Credit checks are carried out where appropriate for new and existing customers, for key suppliers and suppliers to whom payments on account are made.

#### *Liquidity risk*

The Group will take account of cash flow requirements when determining the period of time for which funds are placed on deposit with financial institutions. The Group maintains a mixture of long and short-term debt.

#### *Cash flow and interest rate risk*

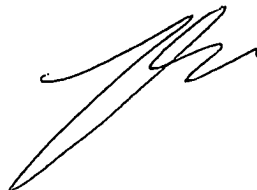
The Group monitors the level of funds held within the business to ensure that there are sufficient funds available for working capital requirements, capital expenditure and the payment of tax liabilities and dividends. Consideration is also given to the impact of potential downturns in the level of business.

The Group has both interest-bearing assets and liabilities. Interest-bearing assets are short-term cash deposits and as such are subject to changes in interest rate levels. Bank borrowings are subject to changes in interest rate levels.

The Group regularly reviews the appropriateness of its interest rate management.

By order of the Board

**J Tucker**  
Director



Cheney Manor Industrial Estate  
Swindon  
Wiltshire  
SN2 2PZ

15<sup>th</sup> December 2021

## **Directors' Report**

The directors present their report and audited financial statements for the year ended 31 March 2021.

### **Proposed dividends**

The directors have not approved or paid a final dividend for the year (2020: £nil).

### **Directors**

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

A Mishra  
M Handley  
S Hayes  
P Malhoutra  
U Malhoutra  
J Tucker  
G Dore  
P de Bausset

The Company is committed to the principle of equal opportunity in employment.

Open and regular communication with employees at all levels is an essential part of the management of the Company.

### **Health and safety**

Group companies ensure health, safety and environmental affairs continue to receive major attention, not merely to conform to legal requirements, but positively to develop and maintain high standards.

### **Political and charitable donations**

There were no charitable donations made during the year (2020: nil). No political donations were made in either year.

### **Future developments**

Details of future developments can be found in the Strategic Report on page 2.

### **Financial risk management**

Details of financial risk management can be found in the Strategic Report on page 4.

## Directors' Report *(continued)*

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board



**J Tucker**  
*Director*

Cheney Manor Industrial Estate  
Swindon  
Wiltshire  
SN2 2PZ

15<sup>th</sup> December 2021

## **Directors' responsibilities statement in respect of the annual report, the strategic report, the directors' report and the financial statements**

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), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 the Group 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; 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.

## **Independent auditor's report to the members of Dynamatic Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Dynamatic Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Profit and Loss Account;
- the Balance Sheets
- the Consolidated Statement of Changes in Equity
- the Company Statement of Changes in Equity
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 22.

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).

#### **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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 group's and parent 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.

## **Independent auditor's report to the members of Dynamatic Limited (continued)**

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.

### **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 group's and the parent 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 group or the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **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 considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

We presume a risk of material misstatement due to fraud related to revenue recognition, with the significant risk pinpointed to revenue cut off. There is a risk that revenue is recognised for goods that have not met the revenue recognition criteria within the correct accounting period. Specific procedures to respond to the risk include:

- agreeing a sample of pre and post year end sales invoices through to confirmation of collection in order to verify the date of collection/dispatch
- inspecting sales terms on sampled sales invoices to understand revenue recognition criteria
- evaluating whether the sampled transactions were correctly included or excluded from the year end revenue balance
- assessing the design and implementation of controls around revenue recognition and year end cut off.

## **Independent auditor's report to the members of Dynamatic Limited (continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

### **Report on other legal and regulatory requirements**

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

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

- the information given in the strategic report and the 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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

#### **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.



Michelle Hopton, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Bristol, United Kingdom  
15 December 2021

**Consolidated Profit and Loss Account**  
*for the year ended 31 March 2021*

	<i>Note</i>	2021 £000	2020 £000
<b>Turnover</b>	2	<b>17,556</b>	26,485
Cost of sales		<u>(16,595)</u>	<u>(23,086)</u>
<b>Gross profit</b>		<b>961</b>	3,399
Distribution costs		(426)	(575)
Administrative expenses		(3,095)	(3,452)
Other income		<u>924</u>	<u>          </u>
<b>Operating (loss)/profit</b>		<b>(1,636)</b>	(628)
Interest payable and similar expenses	6	<u>(154)</u>	<u>(170)</u>
<b>(Loss)/profit before taxation</b>		<b>(1,790)</b>	(798)
Tax credit/(charge)	7	<u>414</u>	<u>95</u>
<b>(Loss)/profit for the financial year</b>		<u><u>(1,376)</u></u>	<u><u>(703)</u></u>

All activities of the Group are classed as continuing operations.

No statement of comprehensive income has been prepared as there are no items of comprehensive income or expense other than as shown in the profit and loss account.

The notes on pages 16 to 31 form an integral part of these financial statements.

**Balance Sheets**  
*as at 31 March 2021*

	Note	2021 £000	Group 2020 £000	2021 £000	Company 2020 £000
<b>Fixed assets</b>					
Intangible assets	8	1,375	1,556	1,375	1,556
Tangible assets	9	6,731	7,219	5,552	5,984
Investment in subsidiary undertakings	10	-	-	1,760	1,760
		<hr/>	<hr/>	<hr/>	<hr/>
		8,106	8,775	8,687	9,300
<b>Current assets</b>					
Stocks	11	4,750	5,604	4,478	5,088
Debtors	12	7,937	8,783	8,564	9,640
Cash at bank and in hand		781	643	481	336
		<hr/>	<hr/>	<hr/>	<hr/>
		13,468	15,030	13,523	15,064
<b>Creditors: amounts falling due within one year</b>	13	<b>(9,474)</b>	<b>(10,381)</b>	<b>(9,864)</b>	<b>(10,749)</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net current assets</b>		<b>3,994</b>	<b>4,649</b>	<b>3,659</b>	<b>4,315</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>12,100</b>	<b>13,424</b>	<b>12,346</b>	<b>13,615</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(144)</b>	<b>(135)</b>	<b>(144)</b>	<b>(135)</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Provision for liabilities and charges</b>					
Deferred tax liability	16	(612)	(569)	(612)	(569)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets</b>		<b>11,344</b>	<b>12,720</b>	<b>11,590</b>	<b>12,911</b>
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Capital and reserves</b>					
Called-up share capital	18	6,550	6,550	6,550	6,550
Profit and loss account		4,794	6,170	7,386	8,707
Merger reserve				(2,346)	(2,346)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Shareholder's funds</b>		<b>11,344</b>	<b>12,720</b>	<b>11,590</b>	<b>12,911</b>
		<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 31 form an integral part of these financial statements.

The loss for the financial year dealt with in the financial statements of the parent Company was £1,321,000 (2020: £510,000). As permitted by section 408 of the Companies Act 2006 no separate profit and loss account is presented in respect of the parent company.

These financial statements were approved by the board of directors on 15<sup>th</sup> December 2021 and were signed on its behalf by:

**J Tucker**  
Director



### Consolidated Statement of Changes in Equity for the year ended 31 March 2021

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	6,550	6,873	13,423
<b>Total comprehensive income for the year</b>			
Profit for the year	-	(703)	(703)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2020</b>	<b>6,550</b>	<b>6,170</b>	<b>12,720</b>
	<hr/>	<hr/>	<hr/>

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2020	6,550	6,170	12,720
<b>Total comprehensive expense for the year</b>			
Loss for the year	-	(1,376)	(1,376)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<b>6,550</b>	<b>4,794</b>	<b>11,344</b>
	<hr/>	<hr/>	<hr/>

### Company Statement of Changes in Equity for the year ended 31 March 2021

	Called-up share capital £000	Profit and loss account £000	Merger reserve	Total equity £000
Balance at 1 April 2019	6,550	9,217	(2,346)	13,421
<b>Total comprehensive income for the year</b>				
Profit for the year	-	(510)	-	(510)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2020</b>	<b>6,550</b>	<b>8,707</b>	<b>(2,346)</b>	<b>12,911</b>
	<hr/>	<hr/>	<hr/>	<hr/>

	Called-up share capital £000	Profit and loss account £000	Merger reserve	Total equity £000
Balance at 1 April 2020	6,550	8,707	(2,346)	12,911
<b>Total comprehensive expense for the year</b>				
Loss for the year	-	(1,321)	-	(1,321)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<b>6,550</b>	<b>7,386</b>	<b>(2,346)</b>	<b>11,590</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**Consolidated Cash Flow Statement**  
*for year ended 31 March 2021*

	<i>Note</i>	2021	2020
		£000	£000
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(1,376)	(703)
<i>Adjustments for:</i>			
Depreciation and amortisation		1,095	1,128
Interest payable and similar charges		154	170
Loss on disposal of tangible assets		173	0
Taxation		(414)	(95)
Increase in trade and other debtors		845	(552)
Increase/(decrease) in trade and other creditors		(1,437)	1,672
Decrease in stocks		854	920
Corporation tax paid		-	(115)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>(106)</b>	<b>2,425</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	6
Acquisition of tangible fixed assets	9	(333)	(945)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(333)</b>	<b>(939)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from new loan		1,000	-
Interest paid		(154)	(170)
Repayment of borrowings		(81)	(82)
Payment of finance lease liabilities		(188)	(147)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>577</b>	<b>(399)</b>
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		138	1,087
Cash and cash equivalents at 1 April		643	(444)
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>		<b>781</b>	<b>643</b>
		<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Dynatomic Limited (the "Company") is a company limited by shares and incorporated and domiciled in England in the UK.

These Group and parent Company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent Company financial statements have been applied:

- No separate parent Company Cash Flow Statement with related notes is included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- No statement of remuneration of Key Management Personnel has been included.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements, including those involving estimation uncertainty, made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

#### ***Measurement convention***

The financial statements are prepared on the historical cost.

#### ***Going concern***

The directors are of the opinion that, having reviewed performance forecast (particularly in the context of the global Covid-19 pandemic), the Group has adequate resources to continue its operations for the foreseeable future. This opinion is underpinned by the undertaking provided by the ultimate parent company, Dynatomic Technologies Limited, that it will provide funding if required in order to enable the entity to continue to meet its obligations and that this undertaking will remain in place for at least 12 months from date of signing of the account. Consequently we continue to adopt the going concern basis in preparation of the financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

#### *Foreign currency*

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Basic financial instruments*

##### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the conditions of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basic financial instruments (continued)*

##### *Investments*

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

##### *Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	-	12.5% - 33%
Plant and machinery	-	10% - 12.5%
Tools	-	20% - 33%
Computer equipment	-	20%
Fixtures and fittings	-	20% - 33%
Freehold property	-	2.5%

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

##### *Intangible assets - goodwill*

###### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

###### *Amortisation*

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

- The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.
- Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. The cost of products manufactured by the Company consists of direct material and labour costs, together with the relevant factory overheads.

#### *Impairment*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro rata basis. Impairment of goodwill is never reversed.

#### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Employee benefits*

##### *Defined contribution plans and other long-term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Turnover*

Turnover, which excludes value added tax, is recognised when the significant risks and rewards of ownership are transferred to the customer and is measured at invoice value less returns.

#### *Expenses*

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Taxation (continued)***

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### ***Research and development***

Research and development expenditure is charged to the profit and loss account when it is incurred.

#### ***Government grants***

Government grants are recognized on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognized in income over the period in which the related costs are recognized. Grants related to assets are recognized over the expected useful life of the asset. When part of a grant related to an asset is deferred, it is recognized as deferred income.

#### ***Related party transactions***

As the Company is a wholly-owned subsidiary within a Group that prepares consolidated financial statements, the Company has taken advantage of the exemption contained in FRS102 from disclosing transactions with other wholly-owned Group subsidiaries. The consolidated financial statements of Dynamatic Technologies Limited, within which this Company is included, can be obtained from the address given in note 21.

**Notes (continued)**

**2 Turnover**

Turnover is derived from substantially the same class of business, namely the supply of gear pumps, valves and integrated hydraulic packages, incorporated gear pumps, piston pumps, valves, filter heads and service/measurement ports and the manufacture of high tolerance machined parts for the Aerospace industry.

The geographical markets supplied are as follows:

	2021	2020
	£000	£000
United Kingdom	9,347	15,246
Other European community	1,852	1,533
North America	4,876	4,807
India	1,095	4,018
Rest of the World		
	<u>386</u>	<u>881</u>
	17,556	26,485
	<hr/>	<hr/>

**3 Expenses and auditor's remuneration**

*Included in (loss)/profit are the following:*

	2021	2020
	£000	£000
Operating lease costs		
- hire of plant and machinery	1,157	1,148
- other	555	508
Amortisation of intangible assets (note 8)	181	181
Other income – UK Government Coronavirus Job Retention Scheme Grant Income	(924)	
Depreciation of tangible assets (note 9)	907	947
Loss on disposal of fixed assets	29	-
Foreign exchange losses	368	214
	<hr/>	<hr/>
<i>Auditor's remuneration</i>		
- audit of these financial statements	58	53
- taxation fees	12	12
- other	6	26
	<hr/>	<hr/>

**Notes (continued)**

**4 Staff numbers and costs**

The average number of persons (including executive directors) employed by the Group during the year, analysed by category, was:

	2021 No.	2020 No.
Production	98	112
Administration	80	93
	178	205

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	4,464	6,215
Social security costs	447	556
Other pension costs	376	401
	5,287	7,172

**5 Directors' emoluments**

	2021 £000	2020 £000
Aggregate emoluments	430	400
Pension contributions to defined contribution pension scheme	25	22
	455	422

Retirement benefits for three directors are paid into the defined contribution pension scheme.

The emoluments of the highest paid director were £163,161 (2020: £151,684). The pension contributions of the highest paid director were £12,055 (2020: £9,625).

**Notes** *(continued)*

**6 Interest payable and similar expenses**

	2021	2020
	£000	£000
On bank loans and overdrafts	127	145
Hire purchase interest	27	25
	154	170

**7 Tax on (loss)/profit**

The tax charge comprises:

	2021	2020
	£000	£000
<i>Current tax</i>		
Current tax on (loss)/profit for the year	(323)	(44)
Adjustment in respect of prior periods	(134)	(30)
Total current tax	(457)	(74)
<i>Deferred tax</i> (note 16)		
Origination and reversal of timing differences	43	(21)
Total deferred tax	43	(21)
<b>Total tax</b>	<b>(414)</b>	<b>(95)</b>

**Reconciliation of effective tax rate**

	2021	2020
	£000	£000
(Loss)/profit for the year	(1,374)	(703)
Total tax (credit)/charge	(414)	(95)
Group (loss)/profit before tax	(1,788)	(798)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(340)	(152)
Permanent differences	35	38
Depreciation charge in excess of capital allowances and other timing differences	-	8
Adjustment in respect of prior periods	(134)	(30)
Unrecognised deferred tax on overseas tax losses	25	41
<b>Total tax (credit) / charge included in profit or loss</b>	<b>(414)</b>	<b>(95)</b>

## Notes (continued)

### 7 Tax on (loss)/profit (continued)

#### Factors affecting the future tax rate

Finance bill 2016 enacted a reduction in corporation tax rate to 17% with effect from 1 April 2020, which was the rate which deferred tax was provided in the 2019 accounts. Finance Bill 2020 confirmed that the rate of corporation tax will remain at the rate of 19% from 1 April 2020 cancelling the enacted cut to 17%. As this change was enacted before the year-end passing a Budget Resolution on 17 March 2020, deferred tax is now provided at 19%. UK Government has recently announced increases to the rate of Corporation Tax from 1<sup>st</sup> April 2023 which changes the rate to 25%, we are assessing the impact to the business of this upcoming increase in rate.

### 8 Intangible assets - goodwill

	Group £000	Company £000
<i>Cost</i>		
At beginning and end of the year	3,462	3,462
<i>Amortisation</i>		
At beginning of the year	1,906	1,906
Charge for year	181	181
At end of the year	2,087	2,087
<i>Net book value</i>		
At 31 March 2021	1,375	1,375
At 31 March 2020	1,556	1,556

The goodwill of £3,462,000 arose on the acquisition of Yew Tree Investments Limited from DM38 Limited on 31 October 2010.

#### *Amortisation and impairment charge*

The amortisation charge is recognised in administrative expenses.

**Notes (continued)**

**9 Tangible fixed assets**

**Group and Company**

	Plant and machinery £000	Tools £000	Fixtures and fittings £000	Computer equipment £000	Leasehold £000	Cars £000	Total Company £000	Other assets	Freehold property £000	Total Group £000
<i>Cost</i>										
At beginning of the year	6,528	5,160	897	894	263	108	13,850	13	1,613	15,476
Additions	411	45	16	9	22	95	598	-	-	598
Disposals	(28)	(137)	(7)	-	-	-	(172)	-	-	(172)
At end of the year	6,911	5,068	906	903	285	203	14,276	13	1,613	15,902
<i>Accumulated depreciation</i>										
At beginning of the year	4,503	2,075	598	503	138	49	7,866	-	391	8,257
Charge	477	145	78	128	10	20	858	14	42	914
Disposals	-	-	-	-	-	-	-	-	-	-
At end of the year	4,980	2,220	676	631	148	69	8,724	14	433	9,171
<i>Net book value</i>										
At 31 March 2021	1,931	2,848	230	272	137	134	5,552	-	1,180	6,731
At 31 March 2020	2,025	3,085	299	391	125	59	5,984	14	1,222	7,219

**Notes** *(continued)*

**10 Investment in subsidiary undertakings**

	<b>Company</b>
	<b>£000</b>
<b>Yew Tree Investments Limited</b>	
<i>Cost and net book value</i>	
At beginning of the year	1,760
Impairment of investment	-
	1,760
<b>At end of the year</b>	<b>1,760</b>

The original investment arose on 31 October 2010 when the Company acquired the entire share capital of DM38 Limited from JKM Global PTE. Also on 31 October 2010, the Company acquired the entire share capital of Yew Tree Investments Limited from DM38 Limited. At the same date, the trade and assets of Oldland Aerospace Limited, a subsidiary undertaking of Yew Tree Investments Limited, were transferred to the Company at their book value which was less than their fair value. The investment value was subsequently adjusted in the year ended 31 March 2012 following the dissolution of DM38 Limited and Oldland Aerospace Limited in December 2011.

	<b>Company</b>
	<b>£000</b>
<b>Dynamatic US LLC</b>	
<i>Cost and net book value</i>	
At beginning of the year	-
Impairment of investment	-
	-
<b>At end of the year</b>	<b>-</b>

The original investment arose on 10 May 2016 when the Company acquired the entire share capital of the newly formed entity Dynamatic US LLC. The entity's registered address is 4109 West Haven Avenue, Mequon, Wisconsin, 53092, United States of America.

The companies in which the Company's interest at the year-end is more than 20% are as follows:

Company name	Class of shares held	Proportion of shares held	Country of incorporation	Nature of business
Yew Tree Investments Limited	Ordinary £1	100%	England and Wales	Property management and investment holding company
Dynamatic US LLC	Ordinary \$1	100%	United States of America	Distribution of hydraulic pumps

## Notes (continued)

### 11 Stocks and work in progress

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Raw materials and components	1,802	1,803	1,802	1,803
Work in progress	2,449	2,911	2,449	2,911
Finished goods	499	890	227	374
	4,750	5,604	4,478	5,088

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £7,482,000 (2020: £12,592,000).

### 12 Debtors

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade debtors	5,682	6,968	5,503	6,628
Other debtors	5	102	1	98
Amounts owed by Group undertakings	802	665	1,611	1,867
Prepayments and accrued income	1,155	818	1,156	817
Sundry debtors	9	47	9	47
Other taxation and social security reclaimable	284	183	284	183
	7,937	8,783	8,564	9,640

Amounts owed by Group undertakings are unsecured, were repayable on demand and did not attract interest.

### 13 Creditors: amounts falling due within one year

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade creditors	2,967	5,477	2,967	5,477
Corporation tax	(313)	143	(387)	88
Other taxation and social security payable	265	419	261	415
Invoice discount facility	1,842	1,604	1,842	1,604
Bank term loans	1,224	306	1,224	306
Amounts owed to Group undertakings	1,028	357	1,561	844
Hire purchase liability	439	370	439	370
Other creditors	1,189	1,450	1,124	1,390
Accruals and deferred income	833	255	833	255
Bank Overdraft	-	-	-	-
	9,474	10,381	9,864	10,749

Amounts owed to Group undertakings are unsecured, were repayable on demand and did not attract interest.

**Notes** *(continued)*

**14 Creditors: amounts falling due after more than one year**

	Group and Company	
	2021	2020
	£000	£000
Hire purchase	144	135
	144	135

**15 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Creditors falling due within one year</b>				
Invoice discount facility	1,842	1,604	1,842	1,604
Bank term loans	1,224	306	1,224	306
Hire purchase liability	439	370	439	370
Bank overdraft	-	-	-	-
	3,505	2,280	3,505	2,280
<b>Creditors falling due after more than one year</b>				
Hire purchase liability	144	135	144	135
	144	135	144	135

**Analysis of debt**

**Debt can be analysed as falling due:**

	2021	2020
	£000	£000
Within one year	3,505	2,280
Between one and two years	85	77
In the second to fifth years	58	58
	3,648	2,415

**Notes** *(continued)*

**16 Deferred tax liabilities**

	<b>Deferred taxation £</b>
<b>Group</b>	
At 1 April 2020	569
Charged to profit and loss account	43
	612
At 31 March 2021	612

Deferred tax assets and liabilities are attributable to the following:

<b>Group and Company</b>	<b>Liabilities</b>		<b>Net</b>	
	2021 £000	2020 £000	2021 £000	2020 £000
Accelerated capital allowances	612	569	612	569
Provision for deferred tax	612	569	612	569
	612	569	612	569

**17 Employee benefits**

**Defined contribution scheme**

The Company operates a defined contribution scheme for employees. The charge in 2021 was £376,000 (2020: £401,000). Included in accruals is an amount of £44,000 in respect of unpaid contributions at 31 March 2021 (2020: £66,000).

**18 Capital and reserves**

**Share capital**

	<b>Ordinary shares 2021</b>	
In thousands of shares		
On issue at 1 April	6,550	
Issued for cash	-	
		6,550
On issue at 31 March – fully paid		6,550
		6,550
	<b>Group and Company</b>	
	2021	2020
	£000	£000
<i>Allotted, called-up and fully paid</i>		
6,550,000 (2020: 6,550,000) ordinary shares of £1 each	6,550	6,550

The Company has one class of ordinary shares which carry no right to fixed income.

## Notes (continued)

### 19 Commitments

The Company and Group have non-cancellable operating lease rentals which are payable as follows:

	<b>Land and buildings 2021 £000</b>	<b>Other 2021 £000</b>	<b>Total 2021 £000</b>	<b>Land and buildings 2020 £000</b>	<b>Other 2020 £000</b>	<b>Total 2020 £000</b>
Within one year	497	1,611	2,108	431	1,529	1,960
Between two and five years	2,079	3,515	5,594	1,683	2,878	4,561
Over five years	5,978	99	6,077	513	-	513
<b>At end of the year</b>	<b>8,554</b>	<b>5,225</b>	<b>13,779</b>	<b>2,627</b>	<b>4,407</b>	<b>7,034</b>

### 20 Related parties

The Company is a wholly-owned subsidiary of Dynamatic Technologies Limited and has taken advantage of the exemption in FRS 102 from disclosing transactions with members of the group.

### 21 Ultimate controlling party

The Company's immediate controlling party, owning 100% of the share capital, is JKM Global PTE Limited whose registered address is 8 Temasek Boulevard, No 35-03 Suntec Tower 3, Singapore 038988, a company incorporated in Singapore. The Company's ultimate controlling party is Dynamatic Technologies Limited, a company incorporated in India.

The smallest and largest group in which the results of the Group are consolidated is that headed by Dynamatic Technologies Limited, incorporated in India. The consolidated financial statements of this company are available to the public and can be obtained from the registered office Dynamatic Park, No.11, Peenya, Bangalore 560 058 India.

### 22 Accounting estimates and judgements

#### *Key sources of estimation uncertainty and judgements*

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key areas of estimation uncertainty relate to the carry value of intangible assets and the potential for impairment. From the impairment review completed as at 31 March 2021, no impairment has been identified.

No key accounting judgements have been made in relation to the preparation of the financial statements.