

Registered number: SC006517

AYRSHIRE METAL PRODUCTS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



AYRSHIRE METAL PRODUCTS PLC

COMPANY INFORMATION

Directors M L Wilson (Chairman)
F M Stafford-Charles
D K Pickerill
J F S Wilson (appointed 27 January 2021)

Company secretary D K Pickerill

Registered number SC006517

Registered office C/O Murray Snell Llp
10 George Street
Edinburgh
EH2 2PF

Independent auditor MHA MacIntyre Hudson
Peterbridge House
The Lakes
Northampton
NN4 7HB

AYRSHIRE METAL PRODUCTS PLC

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AYRSHIRE METAL PRODUCTS PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Business review

The continued uncertainty with the global economy and the knock on effect to supply chains, has impacted material availability and prices during 2021. The directors continue to mitigate these risks by entering into forward purchase commitments to secure a supply of material.

The Group has improved profit before tax in 2021, despite the impact of the global economy and incurring exceptional costs of £187k following the Group restructure in 2020.

At the year end the Group had net assets of £10.3m (2020 - £10.6m) which includes cash balances of £2.4m (2020 - £3.1m).

Principal risks and uncertainties

The directors consider the principal risks and uncertainties to the business to be;

- i) any decline in the economic and market conditions
- ii) an increase in competitive pricing
- iii) reduced margins
- iv) global raw material shortages

To mitigate the impact of market conditions, the company continually monitors expenditure and ensures the maximum value for money is achieved in all areas.

Financial risk management and objectives

The Group plans to finance its operations through retained profits and cash. The Group has various financial instruments such as trade debtors and trade creditors. The main purpose of the cash is to maintain adequate resources for the Group's operations. The Group does not enter into derivative transactions.

The Group does trade in financial instruments. The board reviews and agrees policies for managing each of the following risks:

Interest rate risk

The Group seeks to deposit cash assets safely to minimise risk while maximising the interest received.

The Group is not reliant on interest income nor does it have any borrowings, therefore the overall risk is minimal.

Liquidity risk

The Group seeks to ensure it has sufficient liquidity available to meet foreseeable needs. Cash reserves minimise liquidity risk.

Liquidity is constantly monitored and controlled via budgeting and cashflow forecasting.

Currency risk

The Group is exposed to translation and transaction foreign exchange risks. The Group seeks to manage these risks by limiting exposure to foreign exchange fluctuations.

Cash held in foreign currencies is repatriated to the UK and converted to Sterling at the earliest opportunity to mitigate potential currency risks.

AYRSHIRE METAL PRODUCTS PLC

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

Principal risks and uncertainties (continued)

Credit risk

All customers who wish to trade on credit terms are subject to credit vetting procedures, and debtors are monitored on an ongoing basis.

The Group also mitigates credit risk via the use of credit insurance.

Financial key performance indicators

	<u>2021</u>	<u>2020</u>
Return before tax on net assets	6.3%	3.4%
Return before tax on sales	3.2%	1.8%
Operating margin to sales	1.8%	1.3%
EBITDA	£840k	£616k

All the key performance indicators have been affected by the exceptional costs of £187k (2020 - £508k) (as shown in note 13) incurred during the year and the global economic slowdown.

Other key performance indicators

Average CO2 rating of the UK fleet – 81 g/ km (2020 - 98 g/ km).

The Group has set a maximum a CO2 rating for its cars with an aim to reduce the Group's environmental impact. In addition, the Group is committed to continuing to reduce its paper use and increase levels of recycling.

Number of Apprenticeships - 2 (2020 - 3)

The Group is actively encouraging the recruitment and training of apprentices, whilst utilising funding from the Government apprenticeship schemes.

Non financial information statement

The directors have had due regard for their duty to promote the success of the Group for the benefit of its members as a whole.

The directors consider the consequences of all investments or projects, ensuring they are fully planned and costed. Taking account of the potential financial returns as well as the wider impacts on the business and the environment.

The directors take into account the interest of employees by keeping them informed and with any decisions made, the impact on the employees of the business is considered.

Business relationships with suppliers, customers and others are key to the success of the Group. Regular contact is maintained to foster mutually beneficial and informed relationships.

The directors are aware of both their own and the Group's duties and responsibilities under the Bribery Act 2010.

The Group's operations strive for the minimum environmental impact and supports local charities within the community.

AYRSHIRE METAL PRODUCTS PLC

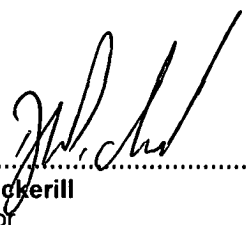
**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Non financial information statement (continued)

The directors are committed to the highest quality of products and services, this is achieved by regular quality assurance testing and ensuring that the company is in line with the latest in quality standards and engaging with the relevant accreditation board to ensure we are always on the forefront.

Annual meetings are held which are open to all members of the Group to ensure a fair and transparent process that keeps all members informed equally.

This report was approved by the board and signed on its behalf.



.....
D K Pickerill
Director

Date: 29/3/2022

AYRSHIRE METAL PRODUCTS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Group is the production of cold rolled steel profiles.

Results and dividends

The profit for the year, after taxation, amounted to £512k (2020 - £296k).

Dividends declared and paid during the year totalled £689k (2020 - £Nil).

Unclaimed historic dividends reversed during the year totalled £66k (2020 - £Nil).

Directors

The directors who served during the year were:

M L Wilson (Chairman)
F M Stafford-Charles
D K Pickerill
J F S Wilson (appointed 27 January 2021)

AYRSHIRE METAL PRODUCTS PLC

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

Future developments

The directors continue to take reasonable steps to mitigate the potential risk to both the Group's operations and the health risks to the Group's employees of the pandemic.

The Group aims to continue to develop its strategy to increase its overall market share.

Payment policy

The Group's policy is to agree the terms of payment with suppliers prior to transacting, which are strictly adhered to.

Research and development activities

The Group is committed to research and development in order to secure its position as one of the UK's largest producers of cold formed profiles.

Engagement with employees

The Group's policy is to consult and discuss with employees matters likely to affect employee's interest. Information on all matters of concern to employees is given through information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance. The employment policies operated throughout the Group are designed to ensure consideration to all and, where appropriate, to promote employment of disabled persons, and ensure continuity of employment and training for those persons who may become disabled during their period of employment with the Group. Continued close attention is paid to the health and safety of employees while at work. Consultation with employees is organised according to the particular needs of each location at which the Group operates. It is the policy of the Group that training, development and promotion activities should be obtainable by all employees.

Acquisition of own shares

During the year the Company purchased and subsequently cancelled 22,901 Ordinary shares with a nominal value of £6k for total consideration of £8k.

Matters covered in the strategic report

Included in the strategic report is the business review, principal risks and uncertainties and key performance indicators.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

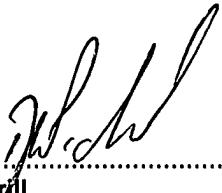
AYRSHIRE METAL PRODUCTS PLC

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

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
D K Pickerill
Director

Date: 29/3/2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC

Opinion

We have audited the financial statements of Ayrshire Metal Products Plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Except for the matter described in the Basis for qualified opinion section of our report, in our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's 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 qualified opinion

As detailed in note 26 to the financial statements, no recognition of the pension scheme asset has been made in either the current or comparative period, for the assets and liabilities which arise on the continuing application of Section 28 'Employee Benefits' of FRS 102 in relation to the Group's and Parent Company's defined benefit pension scheme. As disclosed in note 26, the unrecognised pension scheme asset at 31 December 2021 was £423k (2020 - £Nil) and the related unrecognised deferred tax liability was £106k (2020 - £Nil). No entries have been made in the Group and Parent Company Statements of Financial Position in relation to the pension scheme asset or the related deferred tax liability. No entries have been reflected in the Consolidated Statement of Comprehensive Income in relation to the related movements and charges in the year. In our opinion the pension scheme asset and related deferred tax liability are required to be accounted for under Section 28 of FRS 102.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 qualified opinion.

AYRSHIRE METAL PRODUCTS PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC
(CONTINUED)**

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 or the 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. 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.

As described in the basis for qualified opinion section of our report, our audit opinion is qualified for non-recognition of the defined benefit pension scheme. Information in the group strategic and directors' reports also omit the related balances and accordingly we have concluded that the other information is materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

AYRSHIRE METAL PRODUCTS PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC
(CONTINUED)**

Matters on which we are required to report by exception

Except for the matter described in the Basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC
(CONTINUED)**

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 Group financial statements.

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

- Enquiry of management around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and review of accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations.

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

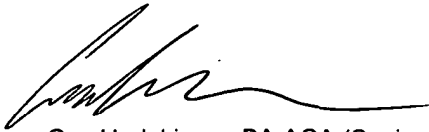
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

AYRSHIRE METAL PRODUCTS PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC
(CONTINUED)**

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.



Guy Hodgkinson BA ACA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditor

Northampton, United Kingdom

Date: 1/4/2022

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	4	19,969	20,355
Cost of sales		(15,888)	(14,595)
Gross profit		4,081	5,760
Distribution costs		(692)	(1,474)
Administrative expenses		(2,843)	(3,806)
Exceptional administrative expenses	13	(187)	(508)
Other operating income	5	4	292
Operating profit	6	363	264
Income from current asset investments	9	32	32
Gains on investments		251	52
Interest receivable and similar income	10	-	15
Profit before tax		646	363
Tax on profit	11	(134)	(67)
Profit for the financial year		512	296
Other comprehensive income for the year			
Unrealised (deficit)/surplus on revaluation of tangible fixed assets		(275)	550
Currency translation differences		(7)	10
Deferred taxation on unrealised deficit/surplus revaluation of tangible fixed assets		59	(32)
Other comprehensive income for the year		(223)	528
Total comprehensive income for the year		289	824
Profit for the year attributable to:			
Owners of the parent company		512	296

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 23 to 46 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC
REGISTERED NUMBER: SC006517

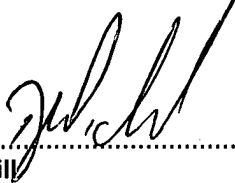
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	5,097	5,542
		<u>5,097</u>	<u>5,542</u>
Current assets			
Stocks	16	2,034	1,408
Debtors: amounts falling due within one year	17	1,682	1,829
Current asset investments	18	1,977	1,713
Cash at bank and in hand	19	2,430	3,063
		<u>8,123</u>	<u>8,013</u>
Creditors: amounts falling due within one year	20	(2,950)	(2,904)
Net current assets		<u>5,173</u>	<u>5,109</u>
Total assets less current liabilities		<u>10,270</u>	<u>10,651</u>
Provisions for liabilities			
Deferred tax	22	-	(39)
		<u>-</u>	<u>(39)</u>
Net assets		<u><u>10,270</u></u>	<u><u>10,612</u></u>
Capital and reserves			
Called up share capital	23	2,457	2,463
Revaluation reserve	24	4,366	4,582
Capital redemption reserve	24	43	37
Profit and loss account	24	3,404	3,530
		<u>10,270</u>	<u>10,612</u>

AYRSHIRE METAL PRODUCTS PLC
REGISTERED NUMBER: SC006517

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
D K Pickerill
Director

Date: 29/3/2022

The notes on pages 23 to 46 form part of these financial statements.

AYRSHIRE METAL PRODUCTS PLC
REGISTERED NUMBER: SC006517

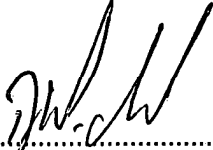
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	14	14
Investments	15	1,460	1,460
		<u>1,474</u>	<u>1,474</u>
Current assets			
Debtors: amounts falling due within one year	17	5,871	5,944
Current asset investments	18	1,977	1,713
Cash at bank and in hand	19	205	652
		<u>8,053</u>	<u>8,309</u>
Creditors: amounts falling due within one year	20	(132)	(89)
		<u>7,921</u>	<u>8,220</u>
Net current assets		7,921	8,220
Total assets less current liabilities		9,395	9,694
Provisions for liabilities			
Deferred taxation	22	(99)	-
		<u>(99)</u>	<u>-</u>
Net assets		9,296	9,694
Capital and reserves			
Called up share capital	23	2,457	2,463
Capital redemption reserve	24	43	37
Profit and loss account brought forward		7,194	6,585
Profit for the year		233	609
Purchase of own shares		(8)	-
Net dividends payable	12	(623)	-
		<u>6,796</u>	<u>7,194</u>
Profit and loss account carried forward	24	6,796	7,194
		<u>9,296</u>	<u>9,694</u>

AYRSHIRE METAL PRODUCTS PLC
REGISTERED NUMBER: SC006517

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
D K Pickerill
Director

Date: 29/3/2022

The notes on pages 23 to 46 form part of these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

AYRSHIRE METAL PRODUCTS PLC

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

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	2,463	37	4,582	3,530	10,612
Comprehensive income for the year					
Profit for the year	-	-	-	512	512
Currency translation differences	-	-	-	(7)	(7)
Deficit on revaluation of freehold property	-	-	(275)	-	(275)
Deferred tax on revaluation	-	-	59	-	59
Total comprehensive income for the year	-	-	(216)	505	289
Net dividends payable	-	-	-	(623)	(623)
Purchase of own shares	(6)	6	-	(8)	(8)
At 31 December 2021	2,457	43	4,366	3,404	10,270

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	2,463	37	4,064	3,224	9,788
Comprehensive income for the year					
Profit for the year	-	-	-	296	296
Currency translation differences	-	-	-	10	10
Surplus on revaluation of freehold property	-	-	550	-	550
Deferred tax on revaluation	-	-	(32)	-	(32)
Total comprehensive income for the year	-	-	518	306	824
At 31 December 2020	2,463	37	4,582	3,530	10,612

AYRSHIRE METAL PRODUCTS PLC

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

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	2,463	37	6,585	9,085
Comprehensive income for the year				
Profit for the year	-	-	609	609
Total comprehensive income for the year	-	-	609	609
At 1 January 2021	2,463	37	7,194	9,694
Comprehensive income for the year				
Profit for the year	-	-	233	233
Total comprehensive income for the year	-	-	233	233
Contributions by and distributions to owners				
Net dividends payable	-	-	(623)	(623)
Purchase of own shares	(6)	6	(8)	(8)
At 31 December 2021	2,457	43	6,796	9,296

Retained earnings of the parent company at 31 December 2021 include dividends of £Nil (2020 - £298k) received from its subsidiaries.

AYRSHIRE METAL PRODUCTS PLC

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

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year	512	296
Adjustments for:		
Depreciation of tangible assets	196	268
(Profit)/loss on disposal of tangible assets	(15)	21
Taxation charge	134	67
(Increase)/decrease in stocks	(626)	671
Decrease in debtors	235	519
(Decrease) in creditors	(7)	(70)
Corporation tax (paid)	(84)	(139)
Foreign exchange gains and losses	4	(12)
(Gain)/loss on revaluation of current asset investment	(251)	(52)
Interest receivable	-	(15)
Dividends receivable	(32)	(32)
Net cash generated from operating activities	<u>66</u>	<u>1,522</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(39)	(157)
Sale of tangible fixed assets	27	18
Purchase of short term listed investments	(220)	(218)
Sale of short term listed investments	198	191
Sale of listed investments	-	31
Interest received	-	15
Dividends receivable	32	32
Net cash from investing activities	<u>(2)</u>	<u>(88)</u>

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	£000	£000
Cash flows from financing activities		
Purchase of ordinary shares	(8)	-
Dividends paid	(689)	-
Net cash used in financing activities	<u>(697)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	<u>(633)</u>	<u>1,434</u>
Cash and cash equivalents at beginning of year	3,063	1,629
Cash and cash equivalents at the end of year	<u><u>2,430</u></u>	<u><u>3,063</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,430	3,063
	<u><u>2,430</u></u>	<u><u>3,063</u></u>

AYRSHIRE METAL PRODUCTS PLC

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
Cash at bank and in hand	3,063	(633)	2,430
Liquid investments	1,713	264	1,977
	4,776	(369)	4,407

AYRSHIRE METAL PRODUCTS PLC

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

1. General information

Ayrshire Metal Products Plc is a Limited Liability Company incorporated in Scotland. Its registered office address is C/O Murray Snell LLP, 10 George Street, Edinburgh, EH2 2PF. The principal activity of the Company is a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available under FRS 102:

- No cash flow statement has been prepared for the parent Company;
- Disclosures in respect of the parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

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

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

The continued uncertainty with the global economy and the knock on effect to supply chains, has impacted material availability and prices during 2021. The directors continue to mitigate these risks by entering into forward purchase commitments to secure a supply of material.

In response to the global uncertainties, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of global uncertainties. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

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

2. Accounting policies (continued)

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contributions pension scheme for employees, which is independently administered and does not form part of the Group's Balance Sheet.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

Defined benefit pension plan

The Group operates a defined benefit pension scheme. Certain Directors are members of the scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates.

The assets of the scheme are held, administered and invested independently of the Group.

Historically the pension scheme assets were shown in the Statement of Financial Position. From 2015 onwards, pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS 102. Disclosures in respect to the relevant scheme are set out in note 26.

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

2. Accounting policies (continued)

2.11 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 3.5% per annum
Plant and machinery	- 8-50% per annum
Motor vehicles	- 20-25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Revaluation of tangible fixed assets

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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

2. Accounting policies (continued)

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

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

2. Accounting policies (continued)

2.21 Financial instruments

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

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The principal judgments and estimates considered by the directors in these financial statements are as follows:

Actuarial assumptions in relation to the defined benefit pension scheme - the assumptions are set out in detail in note 26 and the directors have taken advice from an Actuary in the preparation of the scheme valuation and related disclosures.

The rates of depreciation applied to fixed assets are management estimates. The rates applied are based on the experience of the business in the consumption of economic value of different classes of assets and are regularly reconsidered as the business develops.

Other provisions made which could have an impact on the financial statements include a bad debt provision totalling £49k (2020 - £32k). This is based on a set of criteria designed by the Group and applied on a consistent basis.

A stock provision of £82k (2020 - £60k) is based on a set of criteria designed by the Company and applied on a consistent basis.

A dilapidations provision of £30k (2020 - £70k) is based on management's estimate for dilapidation costs payable on cessation of premises leases.

4. Turnover

The whole of the turnover is attributable to the Group's principal activity.

The geographical analyses are not disclosed as the directors believe this is prejudicial to the interest of the Group.

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	4	292

AYRSHIRE METAL PRODUCTS PLC

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

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciation of tangible fixed assets	196	268
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	4	1
- The audit of the Group's subsidiaries pursuant to legislation	19	22
- Tax compliance services	4	7
- Accounts preparation	2	3
Exchange differences	52	(12)
Operating lease rentals - buildings	90	96
Operating lease rentals - plant, machinery and vehicles	97	125
	=====	=====

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group	Company	Company
	2021	2020	2021	2020
	£000	£000	£000	£000
Wages and salaries	4,270	4,837	7	-
Social security costs	412	454	-	-
Cost of defined contribution scheme	94	126	-	-
	=====	=====	=====	=====
	4,776	5,417	7	-

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Management	8	11
Administration and sales	50	59
Production	34	44
	=====	=====
	92	114

AYRSHIRE METAL PRODUCTS PLC

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

8. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	172	198
Company contributions to defined contribution pension schemes	7	6
	<u>179</u>	<u>204</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2020 - 0) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £136k (2020 - £129k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7k (2020 - £6k).

Key Management Personnel

Remuneration in respect of Key Management Personnel totalled £532k (2020 - £770k) which includes £Nil (2020 - £16k) paid as a contractual liability. Pension contributions in respect of defined contribution schemes totalled £11k (2020 - £10k). Employers' national insurance contributions totalled £47k (2020 - £71k).

9. Income from investments

	2021 £000	2020 £000
Income from current asset investments	<u>32</u>	<u>32</u>

10. Interest receivable

	2021 £000	2020 £000
Other interest receivable	<u>-</u>	<u>15</u>

AYRSHIRE METAL PRODUCTS PLC

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

11. Taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the year	139	18
Double taxation relief	(1)	-
	<u>138</u>	<u>18</u>
Foreign tax		
Foreign tax on income for the year	(23)	49
Foreign tax in respect of prior periods	4	1
	<u>119</u>	<u>68</u>
Deferred tax		
Origination and reversal of timing differences	115	(8)
Unutilised losses	(100)	7
	<u>15</u>	<u>(1)</u>
Taxation on profit on ordinary activities	<u>134</u>	<u>67</u>

AYRSHIRE METAL PRODUCTS PLC

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

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit on ordinary activities before tax	646	363
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	123	69
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	2
Utilisation of tax losses	(22)	(17)
Higher rate taxes on overseas earnings	67	18
Adjustments to tax charge in respect of prior periods	4	1
Short term timing difference leading to an increase (decrease) in taxation	8	(1)
Fixed asset differences	13	19
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(54)	(15)
Research and development	(6)	(9)
Total tax charge for the year	134	67

Factors that may affect future tax charges

The Finance Bill 2021 had its third reading on 24 May 2021 and was then considered to be substantively enacted; the Finance Act 2021 receiving Royal Assent on 10 June 2021. This included 25% as the main rate of corporation tax relevant for periods on or after 1 April 2023 to be reflected in gains on any asset sales or timing differences expected to reverse after that date.

12. Dividends

	2021	2020
	£000	£000
Dividends declared	689	-
Unclaimed historic dividends reversed	(66)	-
	623	-

AYRSHIRE METAL PRODUCTS PLC

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

13. Exceptional items

	2021	2020
	£000	£000
Exceptional items	187	508

During the prior year the Group consolidated its manufacturing facilities into a single site at Daventry, to optimise productivity and improve efficiencies. The costs for this consolidation fall within the ordinary activities of the Group but are presented separately due to their size and incidence.

14. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2021	4,964	1,548	6,512
Additions	-	39	39
Disposals	-	(118)	(118)
Revaluations	(275)	-	(275)
Exchange adjustments	-	(18)	(18)
At 31 December 2021	4,689	1,451	6,140
Depreciation			
At 1 January 2021	-	970	970
Charge for the year on owned assets	-	196	196
Disposals	-	(106)	(106)
Exchange adjustments	-	(17)	(17)
At 31 December 2021	-	1,043	1,043
Net book value			
At 31 December 2021	4,689	408	5,097
At 31 December 2020	4,964	578	5,542

AYRSHIRE METAL PRODUCTS PLC

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

14. Tangible fixed assets (continued)

Included in the net book value of freehold land and buildings is £2,595k (2020 - £2,335k) of land which is not depreciated.

At the Balance Sheet date, freehold property owned by the Group was revalued following a professional valuation by Underwood LLP, Certified Chartered Surveyors, on an existing use basis. As a result, no depreciation has been charged. The historic cost of the freehold property was £1,617k. The accumulated depreciation would have been £496k (2020 - £414k) if the property had not been revalued.

Company

	Freehold property £000
Cost or valuation	
At 1 January 2021	14
At 31 December 2021	14
At 31 December 2021	-
Net book value	
At 31 December 2021	14
At 31 December 2020	14

AYRSHIRE METAL PRODUCTS PLC

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

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	1,460
At 31 December 2021	<u>1,460</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Ayrshire Metal Products (Daventry) Ltd	C/O Murray Snell LLP, 10 George Street, Edinburgh, EH2 2PF	Ordinary	100%
Ayrshire Metal Pension Trust Ltd	C/O Murray Snell LLP, 10 George Street, Edinburgh, EH2 2PF	Ordinary	100%
Ayrframe Ltd	C/O Murray Snell LLP, 10 George Street, Edinburgh, EH2 2PF	Ordinary	100%
Airframe Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%
Ayrshire Steel Framing Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%
System-Bau-Elemente Vertriebs GmbH	Offenbachstr. 1, 81241 München, Germany	Ordinary	100%
Ayrshire Metals Ltd	Royal Oak Way North, Royal Oak Industrial Estate, Daventry, Northamptonshire, United Kingdom, NN11 8NR	Ordinary	100%

AYRSHIRE METAL PRODUCTS PLC

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

16. Stocks

	Group 2021 £000	Group 2020 £000
Raw materials and consumables	1,408	957
Work in progress (goods to be sold)	626	451
	<u>2,034</u>	<u>1,408</u>

An impairment loss of £22k (2020 - gain £4k) was recognised in cost of sales against stock during the year due to the movement in the provision against slow-moving and obsolete stock.

17. Debtors

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade debtors	1,306	1,424	-	-
Amounts owed by group undertakings	-	-	5,871	5,934
Other debtors	137	170	-	-
Prepayments and accrued income	235	235	-	-
Deferred taxation	4	-	-	10
	<u>1,682</u>	<u>1,829</u>	<u>5,871</u>	<u>5,944</u>

An impairment loss of £17k (2020 - gain £33k) was recognised against trade debtors during the year due to the movement in the provision against bad debts.

The deferred tax of the Company of £Nil (2020 - £10k) and the Group of £4k (2020 - £Nil) is due after more than one year.

18. Current asset investments

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Listed investments	1,977	1,713	1,977	1,713

AYRSHIRE METAL PRODUCTS PLC

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

19. Cash and cash equivalents

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash at bank and in hand	2,430	3,063	205	652

20. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade creditors	1,884	1,915	-	-
Corporation tax	137	18	17	18
Accruals and deferred income	929	971	115	71
	2,950	2,904	132	89

21. Financial instruments

	Group 2021 £000	Group 2020 £000
Financial assets		
Financial assets measured at fair value through profit or loss	1,977	1,713

Financial assets measured at fair value through profit or loss comprise listed current asset investments.

AYRSHIRE METAL PRODUCTS PLC

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

22. Deferred taxation

Group

	2021 £000	2020 £000
At beginning of year	(39)	(7)
Charged to profit and loss	(16)	-
Charged to other comprehensive income	59	(32)
At end of year	4	(39)

Company

	2021 £000	2020 £000
At beginning of year	10	2
Charge to profit and loss	(109)	8
At end of year	(99)	10

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Accelerated capital allowances	(21)	(31)	-	-
Tax losses carried forward	110	10	21	10
Property revaluation	26	(32)	-	-
Other timing differences	(111)	14	(120)	-
	4	(39)	(99)	10

23. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
9,827,737 (2020 - 9,850,638) Ordinary shares of £0.25 each	2,457	2,463

AYRSHIRE METAL PRODUCTS PLC

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

24. Reserves

Revaluation reserve

Represents the revaluation gains from revaluation of freehold property.

Capital redemption reserve

Represents the nominal value of shares cancelled on the purchase of own shares in order to maintain the capital base of the Company.

Profit and loss account

Records cumulative effect of all historic profits for the Group and Company.

25. Capital commitments

At 31 December 2021 the Group and Company had capital commitments as follows:

	Group 2021 £000	Group 2020 £000
Contracted for but not provided in these financial statements	-	5
Authorised but not contracted for	42	62
	<hr/> 42 <hr/>	<hr/> 67 <hr/>

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

26. Pension commitments

A) Group Personal Pension Scheme

The Group operates a defined contribution pension scheme for employees, which is independently administered and does not form part of the Group's Balance Sheet.

The pension cost charge represents contributions payable by the Group to the fund and amounted to £94k (2020 - £125k). Contributions totalling £15k (2020 - £14k) were payable to the fund at the reporting date.

The Group operates a defined benefit pension scheme.

The Group has a defined benefit pension scheme for certain employees.

Historically the pension scheme assets were shown in the Statement of Financial Position. From 2015 onwards, pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS 102. The decision has been taken in order that the Financial Statements of the Group show a true and fair view.

All other disclosures required under FRS 102 are set out below in order to provide sufficient information had a decision been taken to recognise matters relating to the Defined Benefit Pension Scheme in the primary statements of the Group.

Ayrshire Metal Products Plc sponsors the Ayrshire Metal Products Senior Official's Pension Scheme which is a funded defined benefit arrangement.

Over the financial year the employer continued to enjoy a contribution holiday.

AYRSHIRE METAL PRODUCTS PLC

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

26. Pension commitments (continued)

Composition of plan assets:

	2021	2020
	£000	£000
Equities	22,045	21,275
Bonds	3,077	2,966
Cash	556	130
Total plan assets	25,678	24,371

Total

Reconciliation of fair value of plan liabilities were as follows:

	2021	2020
	£000	£000
Opening defined benefit obligation	8,737	7,820
Current service cost	14	135
Contributions by scheme participants	119	153
Actuarial gains and (losses)	(1,040)	997
Past service costs	4,861	82
Benefits paid	(1,808)	(450)
Closing defined benefit obligation	10,883	8,737

Reconciliation of fair value of plan assets were as follows:

	2021	2020
	£000	£000
Opening fair value of scheme assets	24,371	20,493
Actual return on scheme assets less interest income	2,890	3,989
Interest income	286	405
Administrative expenses	(61)	(66)
Benefits paid	(1,808)	(450)
	25,678	24,371

The Group expects to contribute £NIL to its defined benefit pension scheme in 2022.

AYRSHIRE METAL PRODUCTS PLC

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

26. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	1.9	1.2
Future salary increases	0.0	N/A
Future pension increases	3.5	3.5
Revaluation in deferment	2.8	2.3
Inflation assumption	3.7	3.2

	2021	2020
	£000	£000
Fair value of plan assets	25,678	24,371
Fair value of scheme liabilities	(10,883)	(8,737)
Unrecoverable surplus	(14,372)	(15,634)

Surplus 423 -

Pension asset 423 -
Deferred tax (106) -

317 -

AYRSHIRE METAL PRODUCTS PLC

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

27. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	Group 2020 £000
Not later than 1 year	116	157
Later than 1 year and not later than 5 years	194	280
Later than 5 years	5	45
	<u>315</u>	<u>482</u>

The Company had no commitments under non-cancellable operating leases at 31 December 2021.

28. Guarantees and other financial commitments

Guarantees given in respect of performance bonds in the normal course of business amounted to £35k at 31 December 2021 (2020 - £35k).

The Company is party to an unlimited cross guarantee arrangement with certain subsidiary undertakings in respect of Group banking arrangements. At 31 December 2021 the Company had a contingent liability of £Nil (2020 - £Nil) in respect of this guarantee.

29. Controlling party

Knapdale (Nominees) Ltd, a company controlled by the Director M L Wilson, controls 5,114,000 of the issued share capital of Ayrshire Metal Products Plc, and is the ultimate controlling party.