

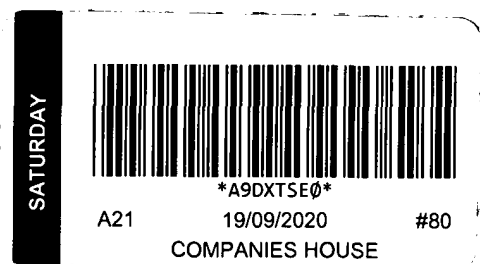
TT Electronics IOT Solutions Limited

(formerly Stadium Group Limited)

Annual report and financial statements

31 December 2019

Registered number 236394



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Strategic report

Business review and future developments

Stadium Group Limited changed its name to TT Electronics IOT Solutions Limited on 26 February 2019.

TT Electronics IOT Solutions Limited's (the "Company") core business activities are providing integrated design-led technologies to Original Equipment Manufacturer (OEM) customers in the automotive, healthcare, security, industrial, aerospace and defence and smart-home markets, the design, manufacture and supply of electronic power supplies, transformers and related electronic components and the holding of investments in subsidiaries.

As part of a Group restructuring, the net assets and trade of its subsidiary, Stontronics Limited, were transferred to the Company on 26 April 2019. The financial statements and the strategic report reflect the results of the Company only,

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

	2019 £000	2018 £000
Turnover	27,180	17,722
Loss before tax (2018 restated)	(1,289)	(5,642)
Capital expenditure on tangible fixed assets	808	104
Average number of employees	164	135

The business achieved sales during the year of £27.2m (2018: £17.7m) a 54% increase over the prior year and included eight months trading derived from the Stontronics Limited business taken over in April 2019.

The loss for the year, after taxation, amounted to £1.6m (2018: loss £3.8m). This was after incurring exceptional costs of £2.3m (2018: £2.9m) relating to tangible asset impairment and further restructuring and reorganisation costs.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019. In the prior year, a special dividend of 2.1p per share was paid, £802,000 in total, as set out in the terms of the recommended offer for the Company by TT Electronics plc.

The Company is a component of the group of companies headed by TT Electronics plc (the "Group"). Further details of the objectives and future developments for the Group are disclosed in the TT Electronics plc Group consolidated financial statements for the year ended 31 December 2019.

Principal risks and uncertainties

The principal external risks to the Company include ongoing advances in technologies, material supply issues, global price competition and economic conditions. At the date of signing the balance sheet, Covid-19 remained an area of uncertainty for the Company. Please refer to the subsequent events note 28 on Covid-19 and its effect on the Company.

The directors regularly review the risks faced by the Company and seek to mitigate these by pursuing opportunities in other market sectors and by ongoing commitment to operational excellence and efficiency improvement initiatives. It also avoids excessive dependence upon a few customers or markets by supplying a wide range of customers across a diverse market place with a varied range of products.

Strategic report (continued)

Financial instruments

Financial risk management objectives and policies

The Company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The Company finances its operations through a mixture of retained profits and intercompany accounts. The Company's exposure to interest rate fluctuations on its borrowings is managed on a Group basis by the use of fixed and floating facilities.

Liquidity risk

The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely. Primarily this is achieved through intercompany accounts.

Currency risk

The Company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

Corporate responsibility

The Group's corporate sustainability strategy and performance is published on its website at www.ttelectronics.com

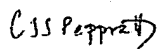
A summary of the year's activities is included in the TT Electronics plc consolidated financial statements for the year ended 31 December 2019 which is available on the Group's website: <http://www.ttelectronics.com/investors>.

S172 Statement

The board of directors of TT Electronics IOT Solutions Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

The board of directors work to identify the key stakeholders that are impacted by the company's activities throughout the year and have identified the activities through which the board can either directly or indirectly (through senior management or the wider group's engagement) engage with these stakeholders. The board also confirms that decisions affecting the Company made by the board of directors have been made in consideration of the Company's stakeholders and the information they have provided to the wider group of companies facilitates in decision-making at a divisional or group level with regard to the Group's stakeholders.

Approved by the board of directors on 10 September 2020 and signed on its behalf by:



CSS Peppiatt
Director

Fourth Floor
St Andrews House
West Street
Woking GU21 6EB

Directors' report

The directors present their annual report on the affairs of TT Electronics IOT Solutions Limited (the "Company"), together with the audited Financial Statements and the independent auditor's report, for the year ended 31 December 2019.

As permitted by legislation, the following information and disclosures that are required under company law are included in the Strategic Report and are incorporated into this report by reference:

- Review of the performance and future developments of the Company
- Principal risks and uncertainties
- The amount (if any) that the directors recommend by way of dividend.

Research and development

The Company commits significant resource to research and development, both internally by enhancing products and processes and externally with collaborative partners. Expenditure on research and development is identified on a project by project basis and where the Group criteria is reached, the R&D is capitalised and written off over the expected length of the product life.

Directors

The directors who served during the year and up to the date of signing these Financial Statements are shown below:

C Peppiatt
R Jain
S Partridge

Directors' remuneration

Directors' remuneration has been disclosed in note 5 to the Financial Statements.

Directors' report (continued)

Engagement with suppliers, customers, employees and others in a business relationship with the Company

The key stakeholders for the Company have been identified below alongside the engagement activities and outcomes for the year ended 31 December 2019.

Parent Company and the TT Group	<p>Our activities that affect them:</p> <ul style="list-style-type: none"> - Operations and production pipeline - Safety, quality control, reliability - Financial results and dividend policy - Footprint optimisation - Payment practices - Responsible business/ethics <p>How we have engaged:</p> <ul style="list-style-type: none"> - Senior management of the Company regularly report to the Executive Management Board with regards to the Company's operations, site activities, Health and Safety and financial performance. - Regular engagement with Group functions such as Finance, Tax, Treasury, HR and the EMB. - Provide reports to HSE Council, Operations Council, Supply Chain Council - The Company's internal reporting processes have also ensured a flow of information on health & safety, strategy, production and financial performance from site level through to the Group's Executive Management Board and the Group's board of directors. <p>Outcomes of our engagement:</p> <ul style="list-style-type: none"> - All decisions promote the long-term success of the Company for the benefit of its members - The Group-wide strategy leads the Company's business operations - Group-wide HSE policies and processes are considered in strategic and operational decisions - Financial decisions are made based on the long-term success of the company and the benefit to the parent company and wider group of companies
Customers and Suppliers	<p>Our activities that affect them:</p> <ul style="list-style-type: none"> - Research and development (R&D) - Operations and production pipeline - Safety, quality control, reliability - Legal and regulatory compliance - Payment practices - Responsible business/ethics <p>How we have engaged:</p> <ul style="list-style-type: none"> - Direct interactions with customers and suppliers have been primarily channelled through the commercial teams and information is fed back to members of the board of directors. - We undertake "voice of the customer" feedback to inform our business development, R&D and operations approaches. - Regular updates and reports are received from the Group's board of directors on our responses to the challenges faced by our customers and the key customer and supplier initiatives within the Company. - The Company's internal reporting processes have also ensured a flow of information on health & safety, strategy, production and financial performance from site level through to the Group's Executive Management Board and the Group's board of directors. - The Company's record on payment practices, and the effect this has on our suppliers is reported publicly every six months.

Directors' report (continued)

Engagement with suppliers, customers, employees and others in a business relationship with the Company (continued)

Customers and Suppliers (continued)	<p>Outcomes of our engagement:</p> <ul style="list-style-type: none"> - More efficient use of R&D spend towards NPI and specific customer product development - Board decisions on strategy and operations are impacted by activities focussed on fostering relationships with customers - Board decisions are considered in terms of the impact they have on the customer experience based on information received from customer engagement - Any regulatory changes are reviewed in light of the effects on customers - Group wide policies on Business Ethics, Modern Slavery, anti-bribery, GDPR are implemented with consideration to the effects on customers - Board decisions must maintain the company's reputation for high standards of business conduct
Community and Environment	<p>Our activities that affect them:</p> <ul style="list-style-type: none"> - Employment, training and apprenticeships - Pollution, waste, environmental policies - Local operational impact - Helping local communities - Footprint optimisation <p>How we have engaged:</p> <ul style="list-style-type: none"> - TT is a member of the Confederation of British Industry (CBI) and the Responsible Business Alliance and is committed to working in an ethically responsible way towards creating a more prosperous society. - Creation of a Social Value Committee, a team of employees that engage with the local community and local charities to explore options through which TT can positively impact the communities in which it operates. - Implementation of site based environmental pledges such as 'Pass on Plastics' - The Group publishes its emissions report in the TT Electronics plc annual report which is available on the Group's website: http://www.ttelectronics.com/investor-overview. <p>Outcomes of our engagement:</p> <ul style="list-style-type: none"> - Operational and strategic decisions are taken at a divisional and group level with the view of maintaining the Group's reputation for high standards of business conduct - A strong environmental focus leading to a reduction in utility costs, CO2 emissions and the use of single use plastics. - The creation of working partnerships with local charities.
Employees	<p>Our activities that affect them:</p> <ul style="list-style-type: none"> - Employment, training and apprenticeships - Group employment policies - Investment in our sites - Diversity/Inclusion - Health & Safety - Group strategy

Directors' report (continued)

Engagement with suppliers, customers, employees and others in a business relationship with the Company (continued)

Employees (continued)

How we have engaged:

- This year the Group has put in place a new engagement process to ensure that the voice of the employee is considered in the Group's board decision-making. Further information about this process in the TT Electronics plc annual report which is available on the Group's website: <http://www.ttelectronics.com/investor-overview>.
- Dinners are also organised at which Directors meet with members of the EMB and other representatives of the senior management team.
- Our health and safety record at our sites is of critical importance to the Board and the directors understand that the health and safety tone must be set from the top. During 2019 a Health & Safety site based committee was formed to promote HSE awareness on site and explore how the business could positively impact the environment through site based initiatives.
- Monthly employee 'Town Hall' meetings are run on site. These meetings are led by senior management and are a vehicle for providing all employees with a Business, HSE, HR, Manufacturing, Finance and Quality Engineering update.
- An employee led 'Works Council' meet to engage with all employees and discuss site based activity.
- An employee 'Be Inspired' scheme which allows employees to nominate colleagues for awards that have demonstrated exceptional performance within their roles.

Outcomes of our engagement:

- Employee engagement activities and outcomes are considered by the directors and site level and operational decisions are taken with consideration to the effects on employees
- High levels of employee HSE engagement on site leading to zero reportable accidents for the year.
- Town Hall and Works Council meetings leading to increased levels of 'employee voice' on site with an increased volume of employee suggestions and improvements implemented.

Political donations

The Company made no political donations and incurred no political expenditure during the year ended 31 December 2019 (2018: £0).

Share capital

Full details of the Company's issued share capital can be found in note 20 to the Financial Statements.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will cease to hold office from the date of signing these accounts at which point Deloitte plc is appointed as the Auditor from the date of signing these accounts until the end of the next period unless they are reappointed.

Disclosure of information to auditor

The directors confirm that, as at the date this report was approved, to the best of each director's knowledge and belief, there is no audit information relevant to the preparation of the auditor's report of which the auditor is unaware and each director has taken all the steps which might be expected to be aware of such relevant information and to establish that the auditor is also aware of that information.

Directors' report (continued)

Covid-19

On 30 January, the World Health Organisation (WHO) announced Coronavirus as a global health emergency. On 11 March 2020, it announced that Coronavirus was a global pandemic. Covid-19 impacted all areas of the operations of the TT Electronics Plc Group ("the Group") of which the Company is a member.

The safety and well-being of the Group's employees, wider communities, customers and partners remains the Group's primary concern and the advice of local authorities around the world is being followed as the situation develops, whilst adopting the most stringent of safety standards possible to minimise the risk from the virus.

All of the Group's facilities, including the Company, have implemented personal protection measures, including additional hygiene and social distancing, building on the lessons learned from the initial experiences of the Group's Chinese facilities through January, February and March. The effect on the Company's trading performance from Covid-19 has been relatively modest. The site was not closed and has remained operational, albeit at a lower capacity.

Given the uncertainty and the unknown duration of the Covid-19 pandemic and the reduced outlook for economic and industrial output globally, management has carried out a bottom up updated forecast, with a downside strategic plan scenario that has been produced to extend the review to 31 December 2021. This shows that it is currently expected that revenue and operating profit will be less than previously budgeted for FY2020 and a detailed strategic plan was produced in May 2020 for 2021; which is less than previously forecast. Management have also considered a plausible reasonable worst-case scenario, which includes a further 10% decline in uncommitted order book in 2020 and a slower market recovery in 2021. None of the UK sites were closed during the lockdown and therefore it is fair to assume that they will not shut should a second wave of Covid-19 occur later in the year.

Using this downside stress test scenario for 2020 and the strategic plan, management still show that the Company will be able to meet its financial obligations when they fall due as the Group will not seek repayment of amounts currently made available for a period of at least twelve months from the date of approval of their 2019 financial statements to enable them to meet their financial liabilities as they fall due and to continue to trade.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Financial Statements, notwithstanding net current liabilities of £19,440,000 as at 31 December 2019 and a loss for the year then ended of £1,641,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons set out in Accounting policy note, 1.2 Going concern.

Directors' report (continued)

Directors' statement of responsibility

The Directors are responsible for preparing the Strategic Report, Directors' 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 they are required to prepare the Company's financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

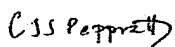
The directors of the Company consider that the Annual Report and Financial Statements, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholder to assess the Company's performance, business model and strategy.

Each of the directors, whose names are listed in the Directors' Report, confirms that, to the best of his knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of directors on 10 September

2020 and signed on its behalf by:



CSS Peppiatt

Director

Fourth Floor
St Andrews House
West Street
Woking GU21 6EB



Independent auditor's report to the members of TT Electronics IOT Solutions Limited

We have audited the financial statements of TT Electronics IoT Solutions Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and other comprehensive income, the Balance sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of TT Electronics IOT Solutions Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



David Mitchell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne NE1 3DX
15 September 2020

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	Note	2019 £000	Restated (see note 27) 2018 £000
Turnover	2	27,180	17,722
Cost of sales		(21,721)	(15,926)
Gross profit		5,459	1,796
Distribution costs		(108)	(87)
Administrative expenses		(6,326)	(4,148)
Exceptional costs	7	(2,348)	(2,895)
Other income	3	2,079	-
Loss before interest and taxation	2-7	(1,244)	(5,334)
Interest received		20	-
Interest payable and similar charges	8	(65)	(308)
Loss before taxation		(1,289)	(5,642)
Tax on loss	9	(352)	1,812
Loss attributable to equity holders		(1,641)	(3,830)

Other comprehensive income

Items that will never be reclassified to the income statement:

Remeasurement of defined benefit pension schemes	(215)	(4)
Tax on remeasurement of defined benefit schemes	38	74
Other comprehensive income for the year, net of income tax	(177)	70
Total comprehensive income for the year attributable to equity holders	(1,818)	(3,760)

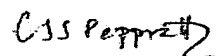
The notes on pages 14 to 37 form part of these financial statements.

Balance Sheet
at 31 December 2019

	<i>Note</i>	2019 £000	£000	Restated 2018 £000	£000
Fixed assets					
Intangible assets	10		14,585		2,866
Investments	11		13,964		24,244
Tangible assets	12		2,102		1,294
Right of use assets	13		86		-
			<u>30,737</u>		<u>28,404</u>
Current assets					
Stocks	14	7,731		4,727	
Debtors	15	10,765		10,878	
Cash at bank and in hand		2,631		553	
		<u>21,127</u>		<u>16,158</u>	
Creditors: amounts falling due within one year	16	<u>(40,567)</u>		<u>(27,931)</u>	
Net current liabilities			<u>(19,440)</u>		<u>(11,773)</u>
Total assets less current assets			<u>11,297</u>		<u>16,096</u>
Creditors: amounts falling due after more than one year	17	(103)		(185)	
Provisions for liabilities and charges	18	(19)		(145)	
Gross pension liability	19	<u>(19)</u>		<u>(4,344)</u>	
			<u>(141)</u>		<u>(4,674)</u>
Net assets			<u><u>11,156</u></u>		<u><u>11,957</u></u>
Capital and reserves					
Called up share capital	20		1,909		1,909
Share premium account			4,378		4,378
Merger reserve			1,559		1,559
Capital Contribution reserve			1,017		-
Capital redemption account			88		88
Profit and loss account			2,205		4,023
Shareholders' funds			<u><u>11,156</u></u>		<u><u>11,957</u></u>

The notes on pages 14 to 37 form part of these financial statements.

These financial statements were approved by the board of directors on 10 September 2020 and were signed on its behalf by:



C Peppiatt

Director



R Jain

Director

Company registered number: 236394

Statement of changes in equity

	Called up share capital £000	Share Premium Account £000	Merger reserve £000	Capital redemption account £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018 (restated see note 27)	1,909	4,378	1,559	88	-	8,585	16,519
Loss for the year (restated see note 27)	-	-	-	-	-	(3,830)	(3,830)
Other comprehensive income:							
Remeasurement of defined benefit pension schemes	-	-	-	-	-	(4)	(4)
Tax on remeasurement of defined benefit pension schemes	-	-	-	-	-	74	74
Total other comprehensive income	-	-	-	-	-	70	70
Transactions with owners recorded directly in equity:							
Dividends paid	-	-	-	-	-	(802)	(802)
Balance at 1 January 2019 (restated see note 27)	1,909	4,378	1,559	88	-	4,023	11,957
Loss for the year	-	-	-	-	-	(1,641)	(1,641)
Other comprehensive income:							
Remeasurement of defined benefit pension schemes	-	-	-	-	-	(215)	(215)
Tax on remeasurement of defined benefit pension schemes	-	-	-	-	-	38	38
Total other comprehensive income	-	-	-	-	-	(177)	(177)
Capital contribution in respect of defined benefit pension scheme	-	-	-	-	1,017	-	1,017
Balance at 31st December 2019	1,909	4,378	1,559	88	1,017	2,205	11,156

The notes on pages 14 to 37 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting Policies

TT Electronics IOT Solutions Limited (the "Company") is a private company, incorporated, domiciled and registered in England & Wales under the Companies Act. The address of the registered office is given in the Strategic Report.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 27.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements because it is included in the group accounts of its parent, TT Electronics plc. The consolidated financial statements of TT Electronics plc are prepared in accordance with International Reporting Standards and may be obtained from the company at Fourth Floor, St Andrews House, West Street, Woking GU21 6EB.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of TT Electronics plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 31 December 2018 for the purposes of the transition to FRS 101.

Judgements 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 24.

The Company has adopted the following IFRSs in these financial statements:

- IFRS 16: Leases. See note 20. This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17.
- IFRIC 23: Uncertainty over Income Tax Treatments.

Notes (continued)

1 Accounting Policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis, except that financial instruments classified as fair value through the profit or loss are stated at fair value.

1.2 Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2019, the directors are required to consider whether the Company can continue in operational existence for at least 12 months from date of approving the financial statements.

Notwithstanding net current liabilities of £19,440,000 (£11,773,000) as at 31 December 2019 and a loss for the year then ended of £1,641,000 (2018: £3,830,000), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has no external finance facilities and is funded through its own cash balances and loans from fellow TT Electronics plc Group companies which are technically repayable on demand.

The directors have undertaken a rigorous assessment of the financial forecasts of the Company with specific consideration to the uncertainty and unknown duration of the Covid-19 pandemic on the Company and the reduced outlook for economic and industrial output globally. The directors carried out a bottom up updated forecast for the Company with a strategic plan scenario that was produced to extend the period of assessment to 31 December 2021. This shows that it is currently expected that revenue and operating profit will be less than previously budgeted for FY 2020 and FY 2021.

The directors also considered a severe but plausible downside scenario, which includes a further 10% decline in the uncommitted order book for FY2020, and a delayed recovery into 20201, with operating profit remaining at the downside FY2020 level.

The achievement of these forecasts are dependent on the assumption that the company's ultimate parent company, TT Electronics plc not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £28,180,000. TT Electronics plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency, the pound sterling, 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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account on a net basis as other operating income/(charges).

Notes (continued)

1 Accounting Policies (continued)

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.5 Tangible fixed assets

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

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. Land is not depreciated. The annual rates used are as follows:

- Freehold buildings 2%
- Plant and machinery 10% - 25%
- Fixtures and equipment 10% - 25%

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Other intangible assets

Other intangible assets are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The useful lives are as follows:

- Development costs up to five years consistent with the revenue generation profile of the product
- Software costs three to ten years

Goodwill:

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Research and development costs:

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Notes (continued)

1 Accounting Policies (continued)

1.6 Other intangible assets (continued)

Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.7 Changes in accounting policy

The Company has implemented IFRS 16 Leases with effect from 1 January 2019. The standard provides a single lessee accounting model, requiring lessees to recognise right-of-use assets and lease obligations for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has applied IFRS 16 using the modified retrospective approach under which the cumulative effect of initial application has been recognised in retained earnings at 1 January 2019 and comparative information has not been restated and continues to be reported under IAS17.

The Company previously classified leases as operating or finance leases based on whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases (unless the lease term is 12 months or less or the underlying asset has a low value).

The Company recognises a lease liability at the lease commencement date (or on initial application), measured as the present value of the future lease payments, discounted at the incremental borrowing rate. The weighted average incremental borrowing rate applied was 5.0%. A corresponding right-of-use asset is recognised separately on the face of the statement of financial position, net of accumulated depreciation and impairment losses. For leases recognised on initial application, the right-of-use asset is initially measured at the carrying amount if IFRS 16 had always been applied

The Company has applied the following practical expedients on transition; not to reassess whether contracts contained a lease; use of hindsight in determining the lease term; exclusion of initial direct costs from the measurement of the right of use asset.

The Company adopted IFRIC 23 Uncertainty over Income Tax Treatments from 1 January 2019. There was no material impact.

1.8 Valuation of investments

Investments in subsidiary undertakings in the accounts of the Company are stated at cost less provision for impairment.

1.9 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting Policies (continued)

1.10 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing,

CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Pensions

Defined contribution scheme - the Company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the schemes. The assets of the scheme are held separately from those of the Company.

Defined benefit plans – a defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit

liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Notes (continued)

1 Accounting Policies (continued)

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Turnover

The turnover shown in the profit and loss account represents amount invoiced for goods supplied during the period, exclusive of value added tax. Transactions are recorded as sales when delivery of products takes place in accordance with contract terms of sale.

1.14 Expenses

Operating lease payments (policy applicable before 1 January 2019)

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. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Non-recurring administrative costs

Certain costs have been classified on the face of the income statement as 'non-recurring'. These are items which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence for the financial statements to give a true and fair view. These transactions are of a nature that will not be ongoing in the ordinary course of trading and the Company has classified in this manner costs incurred in restructuring and reorganising the business.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.16 Interest

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 and unwinding of the discount on provisions. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, 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.

Notes (continued)

1 Accounting Policies (continued)

1.17 Leases

In the prior year, finance leases, which transfer to the Company substantially all the risks and rewards of ownership of the leased items, were capitalised at the commencement of the lease. Plant and equipment acquired by way of finance lease was stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The capital elements of future obligations under finance lease and hire purchase contracts were included as liabilities in the balance sheet. Lease payments were apportioned between the finance charge and reduction of the finance lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged directly against income. Capitalised lease assets were depreciated over the shorter of the estimated useful life of the asset or the lease term. All other leases are treated as operating leases and the cost was expensed to the income statement as incurred.

The Company applied IFRS 16 on 1 January 2019, recognising right-of-use assets and lease liabilities for most leases (unless the lease term is 12 months or less or the underlying asset has a low value).

The Company recognises a lease liability at the lease commencement date (or on initial application), measured as the present value of the future lease payments, discounted at the incremental borrowing rate. A corresponding right-of-use asset is recognised separately on the face of the statement of financial position, net of accumulated depreciation and impairment losses. For leases recognised on initial application, the right-of-use asset is initially measured at an amount equal to the initially recognised lease liability.

Depreciation of right-of-use assets are recognised on a straight line basis over the lease term.

The Company has applied judgement to determine the lease term for contracts that include renewal options. The assessment of whether the exercise of such options is reasonably certain impacts the lease term, which significantly affects the amount of lease liability and right-of-use asset recognised.

1.18 Accounting estimates and judgements

In preparing these financial statements, management has made estimates, assumptions and judgements that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assumptions and estimation uncertainties:

Key sources of estimation uncertainty are:

Asset useful life estimates – tangible and intangible assets are depreciated and amortised over their estimated useful lives. Risk arises on determining the actual period that the assets will continue to generate income and therefore the depreciation and amortisation charge appropriate to each financial reporting period.

Development costs and useful life estimates – development expenditure is stated at cost less accumulated amortisation. Development expenditure is capitalised as an internally generated intangible asset once criteria relating to the product's technical and commercial feasibility have been met. Risk arises in assessing the accuracy of technical and commercial feasibility and future period that matches the anticipated revenue generating profile of the product and therefore the amortisation charges appropriate to each financial reporting period.

Stock provisions - the stock provision is based on the age of stock to identify items for which there is no current demand or for which net realisable value is lower than cost.

Retirement benefit obligations – refer to note 19 for disclosures of the key sources of estimation uncertainty relating to the retirement benefit obligation.

Notes (continued)

1 Accounting Policies (continued)

1.18 Accounting estimates and judgements

Judgements:

Key judgements relate to:

Exceptional costs – transactions and expenses classified as exceptional or non-recurring require judgement to be exercised in identifying which items are of a nature that they will not be expected to recur in the ordinary course of trade and are material for the financial statements to present a true and fair view.

2 Turnover

	2019 £000	2018 £000
By geographical market		
United Kingdom	22,531	14,160
Rest of Europe	3,015	2,056
North America	1,274	401
Rest of World	360	1,105
	<u>27,180</u>	<u>17,722</u>
By activity		
Technology products	18,542	10,982
Electronic assemblies	8,638	6,740
	<u>27,180</u>	<u>17,722</u>

3 Other Income

	2019 £000	2018 £000
Dividends from subsidiaries	2,079	-
	<u>2,079</u>	<u>-</u>

4 Auditor's remuneration

Included in profit and loss are the following:

	2019 £000	2018 £000
Auditor's remuneration:		
Audit of these financial statements	49	38

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, TT Electronics plc.

Notes (continued)

5 Directors' remuneration

	2019 £000	2018 £000
Directors remuneration	612	606
Compensation for loss of office	-	74
Company contribution to defined contribution pension scheme	34	25
	<u>646</u>	<u>705</u>

There were two directors in the Group's defined contribution scheme (2018: 1). Emoluments of the highest paid director were £462,000 (2018: £403,000). Company pension contributions of £25,600 (2018: £25,000) were made to the defined contribution scheme on their behalf.

6 Staff numbers and costs

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

	Number of employees	
	2019	2018
Direct production	139	122
Sales and administrative (including indirect production)	25	13
	<u>164</u>	<u>135</u>

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	3,516	3,376
Social security costs	311	309
Pension costs	141	120
	<u>3,968</u>	<u>3,805</u>

7 Exceptional costs

	2019 £000	2018 £000
GMP adjustment to pension scheme liabilities	-	804
Professional fees relating to acquisition by TT Electronics plc	-	854
Impairment of right of use assets	501	610
Other restructuring costs	1,847	627
	<u>2,348</u>	<u>2,895</u>

Notes (continued)

7 Exceptional costs (continued)

The Company was acquired by TT Electronics plc on 18 April 2018 and further costs were incurred in the year ended 31 December 2019 relating to the restructuring and reorganising of the business. These included costs incurred in merging the Stadium Group 1974 pension scheme into the TT Electronics plc pension scheme.

The impairment of the right of use assets were incurred due to exiting a lease early due to the restructuring of the business.

In 2018, the Company incurred legal and professional fees arising from its acquisition by TT Electronics plc. A review of the carrying value of net assets resulted in the impairment of intangible assets and other costs were incurred in restructuring and reorganising the business. The Company also provided £804,000 towards implementing Guaranteed Minimum Pension (GMP) equalisation.

8 Interest payable and similar charges

	2019 £000	2018 £000
Finance expense on lease liabilities	(34)	(6)
Net interest on defined benefit pension plan liability	(21)	(199)
Net interest on bank lending	-	(103)
Net foreign exchange loss	(10)	-
	<u>(65)</u>	<u>(308)</u>

9 Taxation

Tax charged in the income statement

	2019 £000	2018 £000
Current tax:		
UK corporation tax		
Current tax on income for the period	-	(78)
Adjustments in respect of prior periods	-	(286)
Total current tax	-	(364)
Deferred tax:		
Origination and reversal of timing differences	174	(1,448)
Changes in tax rate	(38)	-
Recognition of previously unrecognised deferred tax assets	216	-
Total tax expense/(credit)	<u>352</u>	<u>(1,812)</u>

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	2019 £000	Restated 2018 £000
Loss for the year	(1,641)	(3,830)
Total tax expense/(credit)	352	(1,812)
Loss excluding tax	<u>(1,289)</u>	<u>(5,642)</u>
Tax using the UK corporation tax rate of 19.0% (2018: 19.0%)	(245)	(1,072)
Disallowable expenditure	588	389
Recognition of deferred tax asset for tax losses	-	(1,312)
Recognition of deferred tax asset on other balances	-	(136)
Adjustments in respect of prior periods	-	(286)
Deferred tax – changes in tax rates	(38)	-
Adjustments to value of deferred tax asset	216	-
Group relief	(169)	605
Total tax (credit)/expense	<u>352</u>	<u>(1,812)</u>

On 6 September 2016 the UK enacted a reduction in the rate of corporation tax from 19% to 17% to be effective from 1 April 2020. This would have reduced the company's future current tax charge accordingly. On 11 March 2020 the UK Government announced their intention to stop this reduction and retain a UK corporation tax of 19%. It is expected that this change will be enacted during 2020.

In addition to the above, a deferred tax credit of £38,000 (2018: credit £74,000) was recognised within other comprehensive income relating to the defined benefit pension schemes.

A deferred tax asset at 31 December 2019 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Deferred tax

	2019 £000	2018 £000
The deferred tax asset comprises temporary differences attributed to:		
Post-employment benefits	-	738
Tax losses	1,671	1,312
Other assets	102	136
	<u>1,773</u>	<u>2,186</u>

The movement in deferred tax provision during this period was:

	£000
Balance as at 1 January 2019	2,186
Income statement movement	(354)
Other comprehensive income movement	(38)
Transfer Intercompany	(21)
Balance at 31 December 2019	<u>1,773</u>

Notes (continued)

10 Intangible assets

	Development costs £000	Software £000	Goodwill £000	Total £000
Cost				
Balance at 1 January 2019	2,210	742	1,551	4,503
Additions	860	27	1,800	2,687
Transfer from Investments	-	-	9,219	9,219
Balance at 31 December 2019	3,070	769	12,570	16,409
Amortisation and impairment				
Balance at 1 January 2019 Restated	(993)	(644)	-	(1,637)
Depreciation charge for the year	(127)	(60)	-	(187)
Balance at 31 December 2018	(1,120)	(704)	-	(1,824)
Net book value				
At 1 January 2019 (restated)	1,217	98	1,551	2,866
At 31 December 2019	1,950	65	12,570	14,585

As a result of adopting FRS 101 from 1 January 2018, the Company no longer amortises goodwill and the balance at 1 January 2019 has been adjusted to remove the amortisation previously entered.

On 27 April 2019, as part of a group restructuring, the Company purchased the trade and net assets of Stontronics Limited. As a consequence of this the directors have reallocated an element of the investment in subsidiary balance to goodwill, to reflect the remaining value of Stontronics as a legal entity. There has been no diminution in value of the amount transferred to goodwill, and no impairment is required.

Impairment testing

Management has assessed the carrying value of goodwill using detailed calculations of value in use for each significant cash generating unit and fixed assets where impairment indicators existed to ensure that the carrying values are supported by forecast future discounted cash flows.

Goodwill has been allocated to cash generating groups of cash generating units as follows:

	2019	2018
	£000	£000
Technology products	12,046	2,342
Electronic assemblies	524	524
	12,570	2,866

Notes (continued)

11 Investments

	£000
Cost	
Balance at 1 January 2019	24,244
Transfer to Intangible assets - goodwill	(9,219)
Balance at 31 December 2019	15,025
Amortisation and impairment	
Balance at 1 January 2019	-
Impairment	(1,061)
Balance at 31 December 2019	(1,061)
Net book value	
At 1 January 2019	24,244
At 31 December 2019	13,964

On 27 April 2019, as part of a group restructuring, the Company purchased the trade and net assets of Stontronics Limited. As a consequence of this the directors have reallocated an element of the investment in subsidiary balance to goodwill, to reflect the remaining value of Stontronics as a legal entity. There has been no diminution in value of the amount transferred to goodwill, and no impairment is required.

The investments are in relation to the subsidiaries listed in note 23.

12 Tangible assets

	Freehold land & buildings £000	Plant & machinery £000	Total £000
Cost			
Balance at 1 January 2019	1,826	3,477	5,303
Additions	-	1,906	1,906
Balance at 31 December 2019	1,826	5,383	7,209
Amortisation and impairment			
Balance at 1 January 2019	(998)	(3,011)	(4,009)
Transfer intercompany	-	(532)	(532)
Other transfer	-	(257)	(257)
Depreciation charge for the year	(35)	(274)	(309)
Balance at 31 December 2019	(1,033)	(4,074)	(5,107)
Net book value			
At 1 January 2019	828	466	1,294
At 31 December 2019	793	1,309	2,102

Notes (continued)

13 Right of Use Assets

	Land and buildings £000	Other plant and machinery £000	Total £000
Cost			
Balance at 1 January 2019	-	-	-
Additions on adoption of IFRS 16	566	159	725
Balance at 31 December 2019	566	159	725
Amortisation and impairment			
Balance at 1 January 2019	-	-	-
Depreciation charge for the year	(65)	(73)	(138)
Impairment	(501)	-	(501)
Balance at 31 December 2019	(566)	(73)	(639)
Net book value			
At 1 January 2019	-	-	-
At 31 December 2019	-	86	86

The impairment of the right of use assets were incurred due to exiting a lease early due to the restructuring of the business.

14 Stocks

	2019 £000	2018 £000
Raw materials and consumables	2,984	2,998
Work in progress	796	565
Finished goods and goods for resale	3,951	1,164
	7,731	4,727

Stocks are shown net of inventory provisions of £0.2m (2018: £0.2m). Inventories recognised as cost of sales totalled £18.0m (2018: £11.8m).

15 Debtors

	2019 £000	2018 £000
Trade debtors	7,774	4,606
Amounts due from group companies	390	3,851
Deferred tax	1,773	2,186
Prepayments and accrued income	677	75
Other debtors	151	160
	10,765	10,878

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are shown net of impairment loss in respect of bad and doubtful amounts of £34,000 (2018: £2,000).

Notes (continued)

16 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Lease liabilities	202	-
Obligations under finance lease	-	109
Trade payables	3,017	1,493
Amounts owed to group companies	35,375	25,376
Tax and social security	654	487
Accruals and deferred income	1,319	466
	<u>40,567</u>	<u>27,931</u>

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Lease liabilities	103	-
Obligations under finance lease	-	185
	<u>103</u>	<u>185</u>

18 Provisions

	Warranty £000	Total £000
Balance at 1 January 2019	145	145
Provisions released	(126)	(126)
Balance at 31 December 2019	<u>19</u>	<u>19</u>

Warranties are provided over the manufacturing quality of products in the normal course of business. Provisions are expected future costs are made based upon the historical level of the claim rate relative to the level of sales. The costs of such claims are generally incurred within 18 months of the original sale. The actual level of costs incurred in remedying a warranty claim could vary significantly from claim to claim, so the directors have applied current experience in assessing the appropriate level of provision.

Notes (continued)

19 Retirement benefit obligations

Pension arrangements for current employees are operated through a defined contribution scheme. Two group defined benefit schemes exist but are closed to new entrants.

On 29 March 2019, the Stadium Group plc 1974 Pension Scheme was merged into the main pension scheme of its parent, TT Electronics plc. This was done to improve governance and oversight as well as drive cost efficiency. TT Electronics plc, assumed the Company's net liabilities associated with the Stadium Group (1974) pension scheme amounting to £1.0 million. No consideration was paid in exchange for the parent company assuming these liabilities and the Company has therefore recorded a capital contribution of £1.0m

The Stadium Group plc 1974 Pension Scheme and the Southern & Redfern Limited Scheme are final salary pension plans operating for qualifying employees of the Company and certain of its subsidiaries. The Stadium Group plc 1974 plan was closed to new entrants in 1995 and to future accruals in 2011. The Southern & Redfern plan was closed to new entrants in 1997 and future accruals in 2001.

Both schemes provide employees with a pension on retirement equal to 1/60th per annum of the higher of either:

- their salary at leaving; or
- their salary at the date of closing to future accruals.

Both schemes are legally separate from the Company and administered by separate funds. The board of the Stadium Group plc 1974 Scheme is made up of representatives of the group and former employees as well as an independent chair. The board of the Southern & Redfern Limited Scheme is made up of representatives of the group. By law, the boards are required to act in the best interests of the participants to the schemes and have the responsibility of setting investment, contribution and other relevant policies.

The schemes are exposed to a number of risks, including:

- investment risk: movement of discount rate used (high-quality corporate bonds) against the return from plan assets;
- interest rate risk: decreases/increases in the discount rate used (high-quality corporate bonds) will increase/decrease the defined benefit obligation;
- longevity risk: changes in the estimation of mortality rates of current and former employees; and
- salary risk: increases in future salaries increase the gross defined benefit obligation.

The schemes are funded by the company. Employees do not contribute to the schemes. Contributions by the company are calculated by a separate actuarial valuation based on the funding policies detailed in the scheme agreement. The triennial valuation of the Stadium Group scheme as at April 2017 showed a deficit of £4.3m against the trustee's funding objective. The Company has agreed fixed contributions of £0.6m per annum through to 2025 with the Stadium Group scheme, based on the actuarial deficit at April 2017. The weighted average duration of the defined benefit obligation at 31 December 2018 was approximately 13 years. Employees not participating in the defined benefit scheme are eligible to join a defined contribution scheme.

The amounts recognised in the balance sheet are as follows:

	2019		2018	
	Southern & Redfern	Stadium Group 1974	Southern & Redfern	Stadium Group 1974
	£000	£000	£000	£000
Present value of funded obligations	(955)	-	(946)	(32,552)
Fair value of plan assets	936	-	1,118	28,036
Defined benefit (liability)/asset	(19)	-	172	(4,516)

Notes (continued)

19 Retirement benefit obligations (continued)

The amounts recognised in the profit and loss account are as follows:

	2019		2018	
	Southern & Redfern	Stadium Group 1974	Southern & Redfern	Stadium Group 1974
	£000	£000	£000	£000
Post service cost (non-underlying)	(8)	-	-	(445)
Net interest cost	1	(21)	4	(119)
Total in profit and loss account	(7)	(21)	4	(564)

Changes in the present value of the defined benefit obligations are:

	2019		2018	
	Southern & Redfern	Stadium Group 1974	Southern & Redfern	Stadium Group 1974
	£000	£000	£000	£000
Opening defined benefit obligation	(946)	(32,552)	(953)	(35,106)
Current service cost	-	-	-	-
Interest cost	(26)	(22)	(27)	(905)
Past service cost – non-underlying	-	-	(14)	(938)
Included in profit and loss account	(26)	(22)	(41)	(1,843)
Experience gains and losses on liabilities	-	-	-	701
Changes in underlying assumption – financial	(68)	-	(16)	634
Changes in underlying assumption - experience	4	-	2	-
Changes in underlying assumption - demographic	11	-	-	1,280
Included in other comprehensive income	(53)	-	(14)	2,615
Other movements – benefits paid	70	-	62	1,782
Other movements – Merger of 1974 Scheme	-	32,574	-	-
Closing defined benefit obligation	(955)	-	(946)	(32,552)

Changes in the present value of plan assets are:

	2019		2018	
	Southern & Redfern	Stadium Group 1974	Southern & Redfern	Stadium Group 1974
	£000	£000	£000	£000
Opening fair value of plan assets	1,118	28,036	1,115	31,203
Expected return	27	-	31	736
Included in profit and loss account	27	-	31	736
Actuarial return less expected return on assets	(7)	-	36	(2,641)
Included in other comprehensive income	(7)	-	36	(2,641)
Annuity purchase (loss)	(140)	-	-	-
Contribution by employer	17	3,521	4	570
Benefits paid	(79)	-	(68)	(1,832)
Other movements	(62)	3,521	(64)	(1,262)
Other movements – Merger of 1974 Scheme	-	(31,557)	-	-
Closing value of plan assets	936	-	1,118	28,036

Notes (continued)

19 Retirement benefit obligations (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2019		2018	
	Southern & Redfern	Stadium Group 1974	Southern & Redfern	Stadium Group 1974
Discount rate at 31 December	2.00%	n/a	2.90%	2.90%
Inflation rate (RPI)	3.10%	n/a	3.30%	3.30%
Increases to pensions in payment (LPI 5% pension increases)	3.10%	n/a	3.30%	3.30%
Increases to deferred pensions (CPI)	2.20%	n/a	2.30%	2.30%

The mortality tables applied by the actuaries at 31 December 2019 were S2 tables with 105% (male)/ 106% (female) weighting for pensioners and 108% (male)/105% (female) weighting for non-pensioners with a 1.5% long-term rate of improvement in conjunction with CMI 2018 projections. The assumptions are equivalent to life expectancies as follows:

Current pensioners aged 65: 87 years (male), 88 years (female)

Pension plan assets are made up as follows – Stadium Group 1974 scheme:

	2019 £000	2018 £000
Insured pensions in payment	n/a	11,311
UK equities	n/a	4,081
Overseas equities	n/a	4,032
Property	n/a	2,399
LDI	n/a	2,296
Diversified growth funds	n/a	3,879
Cash	n/a	38
	n/a	28,036

Pension plan assets are made up as follows – Southern & Redfern scheme:

	2019 £000	2018 £000
Insured pensions in payment	887	749
UK equities	8	65
Overseas equities	11	83
Property	5	39
LDI	24	98
Diversified growth funds	-	75
Cash	1	9
	936	1,118

Pension plan assets do not include any of the group's own shares or any property occupied by, or other assets used by, the group. Prices for equity securities and government bonds are quoted in active markets. Government and corporate bonds are issued from European governments and institutions (denominated in the same currency as the post-employment benefit obligations).

The overall expected rate of return on assets is the weighted average expected rate of return on each asset class, based upon long-term historical rates adjusted to take account of current market conditions.

Notes (continued)

19 Retirement benefit obligations (continued)

Defined benefit pension plans – Stadium Group 1974 scheme:

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Defined benefit obligation	n/a	(32,552)	(35,106)	(37,842)	(33,692)
Plan assets	n/a	28,036	31,203	31,075	28,487
Net pension liability	n/a	(4,516)	(3,903)	(6,767)	(5,205)
Related deferred tax asset	n/a	768	664	1,150	1,041
Net liability (after taxation)	n/a	(3,748)	(3,239)	(5,617)	(4,164)

Defined benefit pension plans – Southern & Redfern scheme:

	2018 £000	2018 £000	2017 £000	2016 £000	2015 £000
Defined benefit obligation	(955)	(946)	(953)	(1,294)	(1,217)
Plan assets	936	1,118	1,115	1,394	1,353
Net pension (liability)/asset	(19)	172	162	100	136
Effect of asset ceiling	-	-	(162)	(100)	(136)
Related deferred tax asset	-	(29)	-	-	-
Net (liability)/asset (after taxation)	(19)	143	-	-	-

Sensitivity analysis

The impact on the Southern & Redfern scheme if the assumptions were charged as shown (assuming all other assumptions remain constant):

At 31 December 2019

	£000
0.25% decrease in discount rate	22
0.25% increase in inflation and related assumptions	7
1 year increase in life expectancy	68

20 Share capital

Share capital

	Ordinary shares	
In thousands of shares	2019	2018
On issue at 1 January	38,178	38,178
On issue at 31 December – fully paid	38,178	38,178
	2019	2018
	£000	£000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.05 each	1,909	1,909
	1,909	1,909

Notes (continued)

20 Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

The following dividends were recognised during the period:

	2019 £000	2018 £000
Op (2018: 2.1p) per qualifying ordinary share	-	802

21 Leases

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 12):

	Land and buildings £000	Other plant and equipment £000	Total £000
Balance at 1 January 2019			
Additions to right-of-use assets	566	159	725
Depreciation charge for the year	(65)	(73)	(138)
Impairment charge	(501)	-	(501)
Balance at 31 December 2019	-	86	86

22 Finance lease commitments

	2019 £000	2018 £000
Gross finance lease liabilities – minimum lease payments:		
Not later than one year	-	109
Later than one year and not later than five years	-	185
	-	294
Future finance charges on finance leases	-	(8)
Present value of finance lease liabilities	-	286
The present value of finance lease liabilities is analysed:		
Not later than one year	-	110
Later than one year and not later than five years	-	176
	-	286

The finance and operating leases have been transitioned to the new standard, IFRS 16 and are disclosed in note 21.

Notes (continued)

23 Ultimate parent company and related undertakings

TT Electronics plc, which is registered in England and Wales, is the Company's immediate and ultimate parent undertaking and controlling party. TT Electronics plc heads the largest and smallest group of undertakings for which the Group financial statements are drawn up and of which the Company is a member.

TT Electronics plc has its registered office at:
Fourth floor, St Andrews House
West Street
Woking
Surrey GU21 6EB

Copies of the annual report and financial statements for TT Electronics plc are available at www.ttelectronics.com/investor-overview or from the company secretary at the address above.

The directly held subsidiaries of the Company are:

Name of Subsidiary Undertaking	Country of Incorporation	Proportion of Shares held	Share Class	Registered office/ principal place of business
Dongguan Arlec Electrical Products Company Limited (a)	China	100.00%	Ordinary	(1)
Shanghai Hongbian Electronics Co. Limited (a)	China	100.00%	Ordinary	(2)
Stadium Asia Limited	BVI	100.00%	Ordinary	(3)
Stadium Group Inc	USA	100.00%	Ordinary	(4)
Stadium IGT Limited	United Kingdom	100.00%	Ordinary	(5)
Stadium Power Limited	United Kingdom	100.00%	Ordinary	(5)
Stadium United Wireless Limited	United Kingdom	100.00%	Ordinary	(5)
Stontronics Limited	United Kingdom	100.00%	Ordinary	(5)
TT Electronics Sweden AB	Sweden	100.00%	Ordinary	(6)
STMC Limited	Hong Kong	100.00%	Ordinary	(3)
Ying Si Ke Electrical Products Company Limited (a)	China	100.00%	Ordinary	(1)
Ferrus Power Limited	United Kingdom	100.00%	Ordinary	(5)
Fox Industries Limited	United Kingdom	100.00%	Ordinary	(5)
Hale End Holdings Limited	United Kingdom	100.00%	Ordinary	(5)
Kingslo Limited	United Kingdom	100.00%	Ordinary	(5)
KRP Power Source (UK) limited	United Kingdom	100.00%	Ordinary	(5)
Stadium Electrical Holdings Limited	United Kingdom	100.00%	Ordinary	(5)
Stadium Electronics Limited	United Kingdom	100.00%	Ordinary	(5)
Stadium Wireless Devices Limited	United Kingdom	100.00%	Ordinary	(5)
Stadium Zirkon UK Limited	United Kingdom	100.00%	Ordinary	(5)
Valuegolden Limited	United Kingdom	100.00%	Ordinary	(5)
Zirkon Holdings Limited	United Kingdom	100.00%	Ordinary	(5)

(1) 4th Building, F Zone, Zheng Wei Science Park, Dongkeng Town, Dongguan, China

(2) Room 404 A69, East Of Building 1, 29 Jia Tai Road, China (Shanghai) Pilot Free Trade Zone

(3) Room A, 3/F Bamboos Centre, 52 Hung To Road, Kwun Tong, Kowloon, Hong Kong

(4) 1209 Orange Street, Wilmington, Delaware 19801, USA

(5) 4th Floor, St Andrews House, West Street, Woking, Surrey GU21 6EB

(6) Gullfösgatan 3, 16440 Kista, Sweden

(a) Owned by a subsidiary undertaking other than TT Electronics IOT Solutions Limited

Notes (continued)

24 Related parties

The Company has taken advantage of the exemption available under FRS 101.8(k) and has not disclosed transactions with TT Electronics plc or its wholly owned subsidiaries.

25 Accounting judgements

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

Stock valuation

Stock provisions take into account the nature of the stock, its age and forecast future usage. Stock provisions are assessed annually. Changes in stock provision would lead to a change in Cost of Sales.

Tangible and intangible assets

It is necessary to determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. These assets are depreciated or amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

26 Change in significant accounting policies

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below.

25 (a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019. On transition, the Company has reassessed all contracts to assess whether they contain a lease based upon this definition.

25 (b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Leases classified as operating leases under IAS 17

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019 (see note 1).

Right-of-use assets were measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application.

Notes (continued)

26 Change in significant accounting policies (continued)

The Company has used its assessment of whether leases are onerous applying IAS 37 at 31 December 2018 as an alternative to performing an impairment review of the recognised right-of-use assets on the date of transition. The Company has adjusted the right-of-use asset at the date of transition by the amount of provision in respect of onerous leases recognised at 31 December 2018. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.0%.

27 Explanation of transition to FRS 101 from FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2019 and the comparative information presented in these financial statements for the year ended 31 December 2018 and in the preparation of an opening FRS 101 balance sheet at 1 January 2019.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to FRS 101 has affected the Company's financial position and financial performance is set out below.

	1 st January 2018			31 st December 2018		
	FRS 102 £000	Effect of transition to FRS 101 £000	FRS 101 £000	FRS 102 £000	Effect of transition to FRS 101 £000	FRS 101 £000
Balance sheet:						
Net assets - add back amortisation of goodwill	15,984	535	16,519	11,321	636	11,957
Shareholders' funds at 31 December 2018 – add back amortisation of goodwill	15,984	535	16,519	11,321	636	11,957
	£000					
Income statement:						
Loss after taxation for the year ended 31 December 2018	(3,931)					
Write back amortisation of goodwill	101					
Adjusted lost after tax for the year ended 31 December 2018	(3,830)					

Notes (continued)

28 Subsequent Events

On 30 January, the World Health Organisation (WHO) announced Coronavirus as a global health emergency. On 11 March 2020, it announced that Coronavirus was a global pandemic. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

All of the Group's facilities, including the Company, have implemented personal protection measures, including additional hygiene and social distancing, building on the lessons learned from the initial experiences of the Group's Chinese facilities through January, February and March. The Group's operations continued to design and manufacture products to meet the critical needs of our customers in medical, aerospace and defence markets including requirements for equipment to support front line medical operations.

To date, disruption to the Company's trading performance from Covid-19 has been relatively modest. The possibility of a second wave and therefore the fully year impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.