

Company registration number 02169624 (England and Wales)

**TRIO MOTION TECHNOLOGY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



# **TRIO MOTION TECHNOLOGY LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr R D Bamforth Mr K Wu Mr W Qian Mr T M Alexander
<b>Company number</b>	02169624
<b>Registered office</b>	Shannon Way Ashchurch Tewkesbury Gloucestershire United Kingdom GL20 8ND
<b>Auditor</b>	Azets Audit Services Epsilon House The Square Gloucester Business Park Gloucester United Kingdom GL3 4AD

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# **TRIO MOTION TECHNOLOGY LIMITED**

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# **TRIO MOTION TECHNOLOGY LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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

#### **Fair review of the business**

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

The directors are pleased to report the following highlights for the financial year ended 31 December 2022:

- 32% sales growth to £9.7m through the acquisition of new customers and expanding our solution offering to existing customers;
- Operating profit increased >80% to £2.1M;
- Strong core product growth, indicating a strong base company.

Having completed the acquisition of Motion Technology Center (MTC) in Pune, the company focussed on the integration of MTC into Trio Motion Technology India Private Limited in 2022 to strengthen its position in this strategically important market, and increase the sales of servo drive packages.

The company strengthened its solution offering and Motion First strategy in 2022, through the introduction of a new multi-axis AC servo drive (DX5). The company intends to further strengthen this offering in 2023 through the addition of a new servo drive and motor package (DX3).

The company has a strong order backlog as it progresses through 2023, supporting the forecast of increased sales and operating profit for the financial period ending 31 December 2023.

# TRIO MOTION TECHNOLOGY LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### Principal risks and uncertainties

The board has assessed the key risks to the business as follows:

#### Semiconductor component availability

The market has experienced unprecedented component availability challenges with extended manufacturing lead-times and allocation of semiconductor components. Uncertainty over component availability can impact financial performance and customer confidence. The company is managing this risk through maintaining close relationships with suppliers, developing new suppliers, component and product substitution to improve availability.

#### Raw material prices

The company's products primarily contain various electronic components together with metal and plastic enclosures. Increased volatility in component prices can impact financial performance. The company manages this risk through maintaining close relationships with suppliers, timely payments and ongoing development of best cost suppliers globally. The company also manages this risk through increasing product prices as and when the market allows.

#### Market competition

The company competes in an increasingly competitive global market for motion control products, the pressure of which has been compounded by the recent economic climate. The company manages this risk through continued investment in product innovation, expansion of product portfolio, improved quality and a competitive pricing policy.

Financial risks are detailed below.

The company's financial instruments comprise cash at bank and various items such as trade debtors, trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise adequate finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate fluctuations and liquidity risk. It is the company's policy to finance its operations through a mixture of cash and borrowings and to review periodically the mix of these instruments with regard to the projected cash flow requirements of the company and an acceptable level of risk exposure.

#### Foreign exchange rates

The company trades extensively with overseas entities and is therefore exposed to a certain level of risk with respect to movements in foreign exchange rates.

This risk is mitigated by trading in foreign currencies wherever possible.

### Development and performance

The company continues to invest in product innovation to expand its solution offering and Motion First strategy. The company has launched a new range of Selective Compliance Assembly Robot Arm (SCARA) in 2023 to support this strategy, along with additional controlled product lines such as Flex-X and PC-MCAT-2.

#### Key performance indicators

Sales for the year were £9,743,268 whilst profit before tax has risen from £1,156,870 to £2,121,137 for the period. This has helped contribute towards an increase in net assets from £5,300,360 to £7,132,850.

The company also uses non-financial key performance indicators to monitor and measure the success of various operational metrics such as employee safety, product quality and customer service levels.

#### Other information and explanations

Research and development activities are ongoing to develop new products.

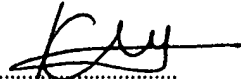
**TRIO MOTION TECHNOLOGY LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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On behalf of the board



.....  
Mr K Wu  
Director

Date: 26 July 2023  
.....



.....  
Mr T M Alexander  
Director

Date: 26 July 2023  
.....

# **TRIO MOTION TECHNOLOGY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **Principal activities**

The principal activity of the company continued to be that of design and sale of computerized motion controllers for industrial automation.

#### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

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

Mr R D Bamforth

Mr B Han

(Resigned 1 January 2022)

Mr K Wu

Mr W Qian

Mr T M Alexander

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

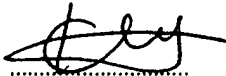
**TRIO MOTION TECHNOLOGY LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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On behalf of the board



Mr K Wu  
Director



Mr T M Alexander  
Director

Date: 26 July 2023



# TRIO MOTION TECHNOLOGY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TRIO MOTION TECHNOLOGY LIMITED

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#### Opinion

We have audited the financial statements of Trio Motion Technology Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **TRIO MOTION TECHNOLOGY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF TRIO MOTION TECHNOLOGY LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

# TRIO MOTION TECHNOLOGY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TRIO MOTION TECHNOLOGY LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services.*

**Claire Clift (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

Date: **27 July 2023**

**Chartered Accountants**  
**Statutory Auditor**

Epsilon House  
The Square  
Gloucester Business Park  
Gloucester  
United Kingdom  
GL3 4AD

# TRIO MOTION TECHNOLOGY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	as restated £
Turnover	2	9,743,268	7,403,798
Cost of sales		(4,972,448)	(3,456,768)
<b>Gross profit</b>		<b>4,770,820</b>	<b>3,947,030</b>
Administrative expenses		(2,705,693)	(2,844,142)
Other operating income		56,010	87,296
Exceptional item	3	-	(33,314)
<b>Operating profit</b>	4	<b>2,121,137</b>	<b>1,156,870</b>
Interest receivable and similar income	7	49,353	-
<b>Profit before taxation</b>		<b>2,170,490</b>	<b>1,156,870</b>
Tax on profit	8	(338,000)	(17,993)
<b>Profit for the financial year</b>		<b>1,832,490</b>	<b>1,138,877</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

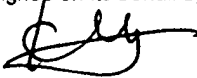
# TRIO MOTION TECHNOLOGY LIMITED


## BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		1,059,830		1,089,740
Investments	11		991,640		991,640
			<u>2,051,470</u>		<u>2,081,380</u>
<b>Current assets</b>					
Stocks	13	3,330,927		2,087,051	
Debtors	14	3,147,914		1,367,621	
Cash at bank and in hand		1,053,558		1,323,389	
		<u>7,532,399</u>		<u>4,778,061</u>	
<b>Creditors: amounts falling due within one year</b>	15	(2,381,606)		(1,478,774)	
<b>Net current assets</b>			<u>5,150,793</u>		<u>3,299,287</u>
<b>Total assets less current liabilities</b>			<u>7,202,263</u>		<u>5,380,667</u>
<b>Provisions for liabilities</b>					
Provisions	16	51,413		70,307	
Deferred tax liability	17	18,000		10,000	
		<u>(69,413)</u>		<u>(80,307)</u>	
<b>Net assets</b>			<u><u>7,132,850</u></u>		<u><u>5,300,360</u></u>
<b>Capital and reserves</b>					
Called up share capital			882,609		882,609
Share premium account			65,800		65,800
Profit and loss reserves			6,184,441		4,351,951
<b>Total equity</b>			<u><u>7,132,850</u></u>		<u><u>5,300,360</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 July 2023 and are signed on its behalf by:

  
 .....  
 Mr K Wu  
 Director

  
 .....  
 Mr T M Alexander  
 Director

Company Registration No. 02169624

# TRIO MOTION TECHNOLOGY LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2021:					
Balance at 1 January 2021		107,000	65,800	3,213,074	3,385,874
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,138,877	1,138,877
Issue of share capital		775,609	-	-	775,609
Balance at 31 December 2021		882,609	65,800	4,351,951	5,300,360
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	1,832,490	1,832,490
Balance at 31 December 2022		882,609	65,800	6,184,441	7,132,850

# TRIO MOTION TECHNOLOGY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	21		(404,723)		816,276
Income taxes refunded/(paid)			97,403		(95)
<b>Net cash (outflow)/inflow from operating activities</b>			(307,320)		816,181
<b>Investing activities</b>					
Purchase of tangible fixed assets		(11,864)		(15,640)	
Interest received		49,353		-	
<b>Net cash generated from/(used in) investing activities</b>			37,489		(15,640)
<b>Financing activities</b>					
Proceeds from issue of shares		-		775,609	
Loans to group undertakings		-		(810,000)	
<b>Net cash used in financing activities</b>			-		(34,391)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(269,831)		766,150
Cash and cash equivalents at beginning of year			1,323,389		557,239
<b>Cash and cash equivalents at end of year</b>			<u>1,053,558</u>		<u>1,323,389</u>

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### Company information

Trio Motion Technology Limited is a private company limited by shares incorporated in England and Wales. The registered office is Shannon Way, Ashchurch, Tewkesbury, Gloucestershire, United Kingdom, GL20 8ND.

#### 1.1 Accounting convention

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

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

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

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Trio Motion Technology Limited is a wholly owned subsidiary and the results of Trio Motion Technology Limited are included in the consolidated financial statements of its ultimate parent, Estun Automation Co Limited, which are available from 16 Shulge Road, Nanjing, China, 211106.

#### 1.2 Going concern

At the time of approving the financial statements, the company's forecasts and projections, taking account of reasonably possible changes in trading performance and with financial support from the ultimate parent company, show that the company should be able to continue to operate without the requirement for external facilities.

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

#### 1.3 Turnover

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

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

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.



# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Other Intangible Assets	Straight line over 3 years
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#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold land and buildings	Straight line over 50 years
Plant and machinery etc.	Straight line over 3 years
Fixtures and fittings	Straight line over 8 years

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

#### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### 1.9 Stocks

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

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

#### 1.10 Financial Instruments

Financial Instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

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

##### *Current tax*

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

##### *Deferred tax*

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

##### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.15 Retirement benefits

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

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

##### 1.17 Related parties

The company has taken advantage of exemption under Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

##### 1.18 Exceptional items

Exceptional items are those which are separately identified by virtue of their size or nature to allow a full understanding of the underlying performance of the company.

#### 2 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Sale of goods	9,743,268	7,403,798
	<u>9,743,268</u>	<u>7,403,798</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	1,167,912	638,930
Europe	1,283,385	920,955
Rest of World	7,291,971	5,843,913
	<u>9,743,268</u>	<u>7,403,798</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	49,353	-
	<u>49,353</u>	<u>-</u>

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 3 Exceptional item

	2022	2021
	£	£
<b>Expenditure</b>		
Amounts due from group undertakings written off	-	33,314
	<u>-</u>	<u>33,314</u>

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(75,901)	(90,213)
Research and development costs	85,344	55,046
Fees payable to the company's auditor for the audit of the company's financial statements	10,500	8,000
Depreciation of owned tangible fixed assets	41,774	45,798
Amortisation of intangible assets	-	1,998
	<u>161,717</u>	<u>110,329</u>

### 5 Employees

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

	2022	2021
	Number	Number
Total	38	46
	<u>38</u>	<u>46</u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,837,608	2,298,315
Social security costs	183,466	211,454
Pension costs	339,124	80,294
	<u>2,360,198</u>	<u>2,590,063</u>

### 6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	70,800	213,706
Company pension contributions to defined contribution schemes	108,400	10,228
	<u>179,200</u>	<u>223,934</u>

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 6 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	n/a	207,303
Company pension contributions to defined contribution schemes	n/a	10,228

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

### 7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest receivable from group companies	49,353	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	49,353	-
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### 8 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	330,000	145,000
Adjustments in respect of prior periods	-	(114,007)
Total current tax	330,000	30,993
<b>Deferred tax</b>		
Origination and reversal of timing differences	8,000	(13,000)
Total tax charge	338,000	17,993

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	2,170,490	1,156,870
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	412,393	219,805
Tax effect of expenses that are not deductible in determining taxable profit	3,118	11,876
Adjustments in respect of prior years	-	(114,007)
Research and development tax credit	(81,181)	(104,465)
Other items, including effect of changes in rate	3,670	4,784
Taxation charge for the year	338,000	17,993

#### Factors that may affect future tax charges

A rate of 25% (2021: 25%) was used for purposes of considering the effects of deferred taxation in the current period, as the increase in the main rate of UK Corporation Tax intended to take effect from 1 April 2023 had been enacted at the Balance Sheet date.

### 9 Intangible fixed assets

	Other Intangible Assets £
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	5,998
<b>Amortisation and impairment</b>	
At 1 January 2022 and 31 December 2022	5,998
<b>Carrying amount</b>	
At 31 December 2022	-
At 31 December 2021	-



# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery etc.	Fixtures and fittings	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	1,294,025	244,224	48,078	1,586,327
Additions	1,880	9,984	-	11,864
At 31 December 2022	1,295,905	254,208	48,078	1,598,191
<b>Depreciation and impairment</b>				
At 1 January 2022	250,612	221,266	24,709	496,587
Depreciation charged in the year	22,879	14,578	4,317	41,774
At 31 December 2022	273,491	235,844	29,026	538,361
<b>Carrying amount</b>				
At 31 December 2022	1,022,414	18,364	19,052	1,059,830
At 31 December 2021	1,043,413	22,958	23,369	1,089,740

Freehold land and buildings are pledged as security for the bank facilities under a fixed charge.

### 11 Fixed asset investments

	Notes	2022 £	2021 as restated £
Investments in subsidiaries	12	181,640	181,640
Loans to subsidiaries	12	810,000	810,000
		991,640	991,640

#### Movements in fixed asset investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
<b>Cost or valuation</b>			
At 1 January 2022 & 31 December 2022	181,640	810,000	991,640
<b>Carrying amount</b>			
At 31 December 2022	181,640	810,000	991,640
At 31 December 2021	181,640	810,000	991,640

Loans to group undertakings are unsecured, attract interest at 4.5% per annum and are repayable on 25 December 2026.

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Trio Motion Technology LLC	USA	Ordinary	100.00
Trio (Shanghai) Automation Technology Co Ltd	China	Ordinary	100.00
Trio Motion Technology India PVT Ltd	India	Ordinary	100.00

### 13 Stocks

	2022 £	2021 £
Work in progress	1,887,870	984,480
Finished goods and goods for resale	1,443,057	1,102,571
	<u>3,330,927</u>	<u>2,087,051</u>

Stocks are presented after provisions of £405,551 (2021: £281,159).

### 14 Debtors

	2022 £	2021 as restated £
Amounts falling due within one year:		
Trade debtors	581,757	434,910
Corporation tax recoverable	-	97,402
Amounts owed by group undertakings	1,990,392	361,652
Other debtors	250,002	240,187
Prepayments and accrued income	325,763	233,470
	<u>3,147,914</u>	<u>1,367,621</u>

Amounts owed by group undertakings are unsecured, interest free and have no specified date of repayment.

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022 £	2021 £
Trade creditors	964,192	614,998
Amounts owed to group undertakings	424,427	183,246
Corporation tax	475,001	145,000
Other taxation and social security	51,377	59,702
Other creditors	272,718	288,774
Accruals and deferred income	193,891	187,054
	<u>2,381,606</u>	<u>1,478,774</u>

Amounts owed to group undertakings are unsecured, interest free and have no specified date of repayment.

### 16 Provisions for liabilities

	2022 £	2021 £
Other provisions	<u>51,413</u>	<u>70,307</u>
Movements on provisions:		Other provisions £
At 1 January 2022		70,307
Reversal of provision		(18,894)
At 31 December 2022		<u>51,413</u>

### 17 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	63,000	67,000
Other timing differences	(45,000)	(57,000)
	<u>18,000</u>	<u>10,000</u>

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 17 Deferred taxation (Continued)

	<b>2022</b>
	<b>£</b>
<b>Movements in the year:</b>	
Liability at 1 January 2022	10,000
Charge to profit or loss	8,000
	<u>18,000</u>
Liability at 31 December 2022	<u>18,000</u>

The amount of the timing differences expected to reverse during the next accounting period is £Nil (2021: £Nil).

### 18 Retirement benefit schemes

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	339,124	80,500
	<u>339,124</u>	<u>80,500</u>

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

### 19 Financial commitments, guarantees and contingent liabilities

At the balance sheet date the company had total guarantees, contingencies and commitments of £Nil (2021 - £Nil).

### 20 Ultimate controlling party

The immediate parent company is Dynacon Industrial Limited, which is a company registered in Hong Kong.

The ultimate parent company is Estun Automation Co Limited. This is the parent of the smallest and largest group for which consolidated accounts are prepared and of which the company is a member. Estun Automation Co Limited is a company registered in China, and its registered office is 16 Shuige Road, Nanjing, China, 211106.

# TRIO MOTION TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 21 Cash (absorbed by)/generated from operations

	2022 £	2021 £
Profit for the year after tax	1,832,490	1,138,877
<b>Adjustments for:</b>		
Taxation charged	338,000	17,993
Investment income	(49,353)	-
Amortisation and impairment of intangible assets	-	1,998
Depreciation and impairment of tangible fixed assets	41,774	45,798
Decrease in provisions	(18,894)	-
<b>Movements in working capital:</b>		
Increase in stocks	(1,243,876)	(425,742)
Increase in debtors	(1,877,695)	(237,000)
Increase in creditors	572,831	274,352
<b>Cash (absorbed by)/generated from operations</b>	<b>(404,723)</b>	<b>816,276</b>

### 22 Analysis of changes in net funds

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	1,323,389	(269,831)	1,053,558

### 23 Prior period adjustment

Amounts previously classified as amounts owed by group undertakings more than one year have been reclassified to fixed asset investments.

#### Reconciliation of changes in equity

The prior period adjustments do not give rise to any effect upon equity.

#### Reconciliation of changes in profit for the previous financial period

	2021 £
Total adjustments	-
Profit as previously reported	1,138,877
Profit as adjusted	1,138,877