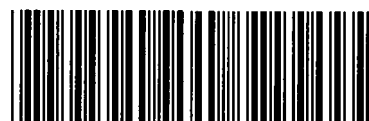

ALCON COMPONENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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ALCON COMPONENTS LIMITED

COMPANY INFORMATION

Directors	J H Edwards A I Fergusson P F Jackson A C Smith P J Stubbs A J Mackinnon R C Warren
Company secretary	T Thacker
Registered number	02613471
Registered office	Apollo Lichfield Road Industrial Estate Tamworth Staffordshire B79 7TN
Independent auditors	PKF Smith Cooper Audit Limited 158 Edmund Street Birmingham West Midlands B3 2HB

ALCON COMPONENTS LIMITED

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ALCON COMPONENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Business review

Fair review of the business

The year saw a strong and sustained bounce back following the disruption caused by the pandemic during the previous period. While COVID-19 continued to have some impact on Alcon, its markets and its supply chain throughout the year, revenue increased by 38% to recover to pre-pandemic levels, with the upturn spread across all market sectors served.

EBITDA increased year on year by 79% to 13.3% overall. This was achieved despite a planned substantial uplift in operating capacity in order to support the continuing growth trajectory through 2022 and beyond. With finance costs kept to plan, a profit before tax of 6.6% was achieved.

The company launched several significant new products during the year to meet the requirements of supply contracts with automotive OEMs, covering both road car and race car programmes. Alcon's own R&D activity, together with its research and development in support of specific customer projects, generated worthwhile income and intellectual property in the fields of both electric and autonomous vehicles. In addition, plans for continuing growth over the next few years were strongly underpinned as several new long-term supply contracts with blue chip OEM customers were secured.

Despite the risks posed by Coronavirus, impact on Alcon's internal operational performance has been kept to a minimum through the rigorous observance of best practice safety measures, which continues. Parts of the company's supply chain have been less resilient, causing delays, though these have been mitigated where possible through diligent supply chain management. It is anticipated that the extraordinary safety and operational measures adopted will be sustained for the time being.

Britain's exit from the European Union in January 2021 has caused some disruption to flow of goods between Alcon and the EU in both directions, though this has been sporadic and ultimately immaterial to overall business performance. The continuing strength of demand from within the EU indicates that long-term customer relationships, together with the technical performance of Alcon's products and services are serving to maintain and build revenues generated from within the EU.

The Directors have carefully considered the main risk factors surrounding COVID-19, both at a local level and globally, recognising that there is a legacy effect on both demand and supply, and are confident that the business is strongly positioned to deal with any future disruption. Alcon continues to enjoy strong growth in demand for its products and services with both orderbook and pipeline maintaining a positive trajectory. As such, the current period requires an ongoing high level of new product development, meeting the demands of contracts already secured for 2022 and beyond.

Financial key performance indicators

The company monitors a variety of financial key performance indicators and continues to recognise the need to enhance their use via the continuous improvement of its performance management system.

ALCON COMPONENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Principal risks and uncertainties

Financial risk management, objectives and policies

The company uses financial instruments, other than derivatives, comprising group borrowings, bank borrowings, finance leases 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 liquidity risk, interest rate risk and exchange rate risk. The policies have remained unchanged from previous periods.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through group financing arrangements and bank facilities.

Interest rate risk

The company finances its operations through a mixture of retained profits, bank borrowings and finance lease agreements. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Exchange rate risk

The company's sales profile comprises a substantial export concentration, some of which is based on a sterling price list and sterling based contracts. The remainder comprises sales in US dollars and Euros. All non-sterling sales represent an exchange risk dependent on local and world market conditions. This risk is managed via a mixture of market orders and regular communication with external foreign exchange specialist partners.

Financial key performance indicators

The company monitors a variety of financial key performance indicators and continues to recognise the need to enhance their use in the coming year via the continuous improvement of its performance management system.

This report was approved by the board on 7 January 2022 and signed on its behalf.



A I Fergusson
Director

ALCON COMPONENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £618,268 (2020 - £1,352).

Directors

The directors who served during the year were:

J H Edwards
A I Fergusson
P F Jackson
A C Smith
P J Stubbs
A J Mackinnon
R C Warren

Research and development activities

The company invests heavily in R&D related activities and further details of these activities can be found in the business review contained within the Strategic report.

ALCON COMPONENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Disclosure of information to auditors

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

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

Auditors

The auditors, PKF Smith Cooper Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 January 2022 and signed on its behalf.



A I Fergusson
Director

ALCON COMPONENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCON COMPONENTS LIMITED

Opinion

We have audited the financial statements of Alcon Components Limited (the 'Company') for the year ended 30 September 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

ALCON COMPONENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCON COMPONENTS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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 set out on page 3, 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.

ALCON COMPONENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCON COMPONENTS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

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

Based on our understanding of the Company and industry, key laws and regulations that we identified included:

- Companies Act
- Tax legislation
- Health and safety and employment legislation

We identified that the principle risk of fraud or non compliance with laws and regulations related to:

- Management bias in respect of accounting estimates and judgements made;
- Management override of control; and
- Posting of unusual journals or transactions.

We focused on those areas that could give rise to a material misstatement in the Company's financial statements.

Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims including instances of non compliance with laws and regulations and fraud;
- Reviewing legal expenditure in the year to identify instances of non compliance with laws and regulations and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias. In particular carrying value of stock, intangibles valuation and amortisation, depreciation of tangible fixed assets and recoverability of the intergroup balance owed to the Company.

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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 regulations. 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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission and misrepresentation.

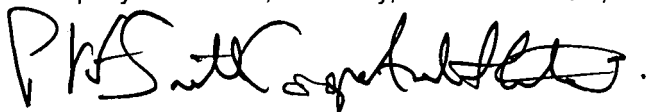
ALCON COMPONENTS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCON COMPONENTS LIMITED
(CONTINUED)**

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

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 Auditors' 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.



Stephen Newman (Senior statutory auditor)

for and on behalf of
PKF Smith Cooper Audit Limited

158 Edmund Street
Birmingham
West Midlands
B3 2HB

7 January 2022

ALCON COMPONENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	18,200,972	13,163,743
Cost of sales		(9,822,540)	(7,468,022)
Gross profit		8,378,432	5,695,721
Administrative expenses		(5,932,031)	(4,256,280)
Exceptional administrative expenses		(13,906)	(76,746)
Operating profit before interest, tax, depreciation and amortisation	5	2,432,495	1,362,695
Depreciation and amortisation		(859,500)	(778,851)
Operating profit before interest and tax		1,572,995	583,844
Interest payable and similar expenses	9	(388,650)	(432,492)
Operating profit before tax		1,184,345	151,352
Tax on profit	10	(566,077)	(150,000)
Profit for the financial year		618,268	1,352

There was no other comprehensive income for 2021 (2020:£NIL).

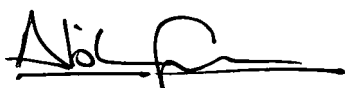
The notes on pages 12 to 31 form part of these financial statements.

ALCON COMPONENTS LIMITED
REGISTERED NUMBER: 02613471

BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	1,968,736	1,859,815
Tangible assets	13	6,132,065	5,243,086
		<u>8,100,801</u>	<u>7,102,901</u>
Current assets			
Stocks	14	4,410,404	3,146,515
Debtors: amounts falling due after more than one year	15	1,929,265	1,750,045
Debtors: amounts falling due within one year	15	6,467,574	5,060,530
Cash at bank and in hand	16	148,244	116,673
		<u>12,955,487</u>	<u>10,073,763</u>
Creditors: amounts falling due within one year	17	(9,128,190)	(5,848,466)
Net current assets		<u>3,827,297</u>	<u>4,225,297</u>
Total assets less current liabilities		<u>11,928,098</u>	<u>11,328,198</u>
Creditors: amounts falling due after more than one year	18	(3,775,312)	(4,359,757)
Provisions for liabilities			
Deferred tax	22	(1,231,966)	(665,889)
		<u>(1,231,966)</u>	<u>(665,889)</u>
Net assets		<u><u>6,920,820</u></u>	<u><u>6,302,552</u></u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	6,920,720	6,302,452
		<u><u>6,920,820</u></u>	<u><u>6,302,552</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 January 2022.



A I Fergusson
Director

The notes on pages 12 to 31 form part of these financial statements.

ALCON COMPONENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2019	100	6,301,100	6,301,200
Comprehensive income for the year			
Profit for the year	-	1,352	1,352
At 1 October 2020	100	6,302,452	6,302,552
Comprehensive income for the year			
Profit for the year	-	618,268	618,268
At 30 September 2021	100	6,920,720	6,920,820

The notes on pages 12 to 31 form part of these financial statements.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. General information

Alcon Components Limited is a private company limited by shares incorporated and domiciled in England, United Kingdom. The address of its registered office and company registration number is shown on the company information page. The principal activity of the company is the design and manufacture of automotive braking systems and clutches for motor sport and performance road car applications.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Automotive Performance Technologies Holdings Limited as at 30 September 2021 and these financial statements may be obtained from the Registrar of Companies in England and Wales.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP. The financial statements level of rounding is to the nearest £1.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

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

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as the fair value of consideration received or receivable, excluding VAT, recognised on the despatch of the Company's products when the significant risks and rewards of ownership have transferred to the buyer. The Company sells all of its products on an ex-works basis and it is at this point that the risks and rewards of ownership are deemed to have transferred.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 5 years.

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

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.7 Grants

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

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.8 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.11 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.12 Exceptional items

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

2.13 Tangible fixed assets

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

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 11% Straight line
Plant and machinery	- 7% - 33% Straight line
Motor vehicles	- 25% Straight line
Fixtures and fittings	- 20% - 35% Straight line
Tooling	- 33% Straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.14 Stocks

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

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

2.15 Debtors

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

2.16 Cash and cash equivalents

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

2.17 Creditors

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

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.18 Provisions for liabilities

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

Provisions are charged as an expense to Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, hire purchase agreements and loans to/from group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Financial liabilities are measured at amortised cost less impairment with an assessment made at the end of each reporting period for objective evidence of impairment

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

In preparing these financial statements, the directors have made the following judgments:

Leases

Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Impairment reviews

The company reviews the carrying value of all assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and management's judgment is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are 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 projects disposal values.

Carrying value of stocks

Management review the market value of and demand for its stocks on a quarterly basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. Judgments in applying accounting policies (continued)

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

4. Turnover

The whole of the turnover is attributable to the design and manufacture of automotive breaking systems and clutches as noted in the principle activities.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	5,814,419	3,444,433
Rest of Europe	7,751,170	5,429,961
Rest of the world	4,635,383	4,289,349
	<u>18,200,972</u>	<u>13,163,743</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Research and development	(644,588)	(798,584)
Coronavirus Job Retention Scheme	(393,598)	(949,497)
Exchange differences	36,942	19,217
Operating lease rentals	253,087	216,373
Amortisation of intangible fixed assets	84,793	149,432
Depreciation of tangible fixed assets	<u>774,707</u>	<u>628,402</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>13,500</u>	<u>12,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

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

	2021 £	2020 £
Wages and salaries	6,106,194	5,420,259
Social security costs	586,658	517,968
Cost of defined contribution scheme	289,167	296,865
	<u>6,982,019</u>	<u>6,235,092</u>

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

	2021 No.	2020 No.
Management, selling and distribution	<u>152</u>	<u>157</u>

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	469,215	391,847
Company contributions to defined contribution pension schemes	51,450	56,092
	<u>520,665</u>	<u>447,939</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £132,365 (2020 - £114,259).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,000 (2020 - £29,167).

9. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	270,922	318,164
Finance leases and hire purchase contracts	117,728	114,328
	<u>388,650</u>	<u>432,492</u>

10. Taxation

	2021 £	2020 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	566,077	150,000
Total deferred tax	<u>566,077</u>	<u>150,000</u>
Taxation on profit on ordinary activities	<u>566,077</u>	<u>150,000</u>

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,184,345</u>	<u>151,351</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	225,026	28,757
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,130	8,367
Fixed asset differences	(64,752)	-
Non-taxable income	(88,806)	(41,490)
Additional deduction for R&D expenditure	(596,597)	(505,112)
Surrender of tax losses for R&D tax credit refund	765,350	127,238
R&D expenditure credits	2,355	6,814
Remeasurement of deferred tax for changes in tax rates	319,371	525,426
Total tax charge for the year	<u><u>566,077</u></u>	<u><u>150,000</u></u>

The actual net tax credit for the period, including corporation tax and deferred tax was, £566,077 (2020: £150,000). In the Statement of Comprehensive Income, this has been presented as a deferred tax charge of £566,077 (2020: £150,000)

Factors that may affect future tax charges

The company is expected to continue to benefit from research and development tax credits.

11. Exceptional items

	2021 £	2020 £
Reorganisation costs	13,906	76,746
	<u><u>13,906</u></u>	<u><u>76,746</u></u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. Intangible assets

	Development £
Cost	
At 1 October 2020	2,412,349
Additions	193,714
At 30 September 2021	<u>2,606,063</u>
Amortisation	
At 1 October 2020	552,534
Charge for the year on owned assets	84,793
At 30 September 2021	<u>637,327</u>
Net book value	
At 30 September 2021	<u><u>1,968,736</u></u>
At 30 September 2020	<u><u>1,859,815</u></u>

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

13. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 October 2020	980,928	8,068,560	66,667	686,887	9,803,042
Additions	131,990	1,411,965	21,400	98,331	1,663,686
Disposals	-	(29,238)	-	-	(29,238)
At 30 September 2021	1,112,918	9,451,287	88,067	785,218	11,437,490
Depreciation					
At 1 October 2020	236,086	3,687,305	66,667	569,898	4,559,956
Charge for the year on owned assets	93,340	612,353	446	68,568	774,707
Disposals	-	(29,238)	-	-	(29,238)
At 30 September 2021	329,426	4,270,420	67,113	638,466	5,305,425
Net book value					
At 30 September 2021	783,492	5,180,867	20,954	146,752	6,132,065
At 30 September 2020	744,842	4,381,255	-	116,989	5,243,086

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Leasehold improvements	542,385	600,429
Plant and machinery	4,517,082	3,509,386
Motor vehicles	20,954	-
	<u>5,080,421</u>	<u>4,109,815</u>

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

14. Stocks

	2021 £	2020 £
Raw materials and consumables	3,855,076	2,865,696
Work in progress	555,328	280,819
	<u>4,410,404</u>	<u>3,146,515</u>

Stock recognised in cost of sales during the year as an expense was £6,941,000 (2020: £4,980,732).

A write back of stock to net realisable value recognised during the year in cost of sales amount to £30,641 (2020: write down £62,809).

15. Debtors

	2021 £	2020 £
Due after more than one year		
Amounts owed by group undertakings	1,929,265	1,750,045
	<u>1,929,265</u>	<u>1,750,045</u>

	2021 £	2020 £
Due within one year		
Trade debtors	2,749,554	1,493,371
Amounts owed by group undertakings	2,635,024	2,588,897
Other debtors	847,370	803,141
Prepayments and accrued income	235,626	175,121
	<u>6,467,574</u>	<u>5,060,530</u>

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	148,244	116,673
Less: bank overdrafts	(222,173)	-
	<u>(73,929)</u>	<u>116,673</u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	222,173	-
Bank loans	620,609	882,113
Trade creditors	2,431,209	1,592,816
Amounts owed to group undertakings	415,168	248,723
Other taxation and social security	378,818	306,620
Obligations under finance lease and hire purchase contracts	1,223,701	1,075,993
Other creditors	2,985,769	1,160,738
Accruals and deferred income	850,743	581,463
	<u>9,128,190</u>	<u>5,848,466</u>

Included within other creditors is a balance of £2,340,432 (2020: £422,150) which relates to invoice discounting, secured over the trade debtors to which it relates.

Amounts due under hire purchase contracts are secured over the assets to which they relate.

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

18. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	1,283,333	1,712,285
Net obligations under finance leases and hire purchase contracts	1,854,026	2,009,519
Amounts owed to group undertakings	637,953	637,953
	<u>3,775,312</u>	<u>4,359,757</u>

The bank loans, overdraft and invoice discounting facilities (included in other creditors) are secured by fixed and floating charges over all the assets of the company.

Amounts due under hire purchase contracts are secured over the assets to which they relate.

There is an inter company multilateral guarantee in place relating to the borrowings of the company and other group companies. The amount guaranteed in this way is unlimited and at 30 September 2021 the amount was £194,492 (2020: £578,536).

19. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	620,609	882,113
	<u>620,609</u>	<u>882,113</u>
Amounts falling due 1-2 years		
Bank loans	350,000	516,451
Amounts falling due 2-5 years		
Bank loans	933,333	1,050,000
Amounts falling due after more than 5 years		
Bank loans	-	145,834
	<u>1,903,942</u>	<u>2,594,398</u>

ALCON COMPONENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	1,223,701	1,075,993
Between 1-5 years	1,854,026	2,009,519
	<u>3,077,727</u>	<u>3,085,512</u>

21. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at transaction price	148,244	116,673
Financial assets that are debt instruments measured at amortised cost	8,396,839	6,635,454
	<u>8,545,083</u>	<u>6,752,127</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(12,052,759)</u>	<u>(9,680,923)</u>

Financial assets measured at transaction price include cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost less impairment include trade debtors, amounts due from group undertakings and other debtors.

Financial liabilities are measured at amortised cost less impairment comprise of bank loans, trade creditors, amounts due to group undertakings, obligations under finance lease and hire purchase contracts and other creditors.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

22. Deferred taxation

	2021 £
At beginning of year	(665,889)
Charged to profit or loss	(566,077)
At end of year	(1,231,966)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(1,249,090)	(684,152)
Tax losses carried forward	5,850	4,446
Short term timing difference	11,274	13,817
	(1,231,966)	(665,889)

23. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) A Ordinary shares of £1.00 each	100	100

24. Reserves

Profit and loss account

The profit and loss account includes all current and prior periods retained profits and losses.

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

25. Capital commitments

At 30 September 2021 the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	128,017	123,000
	<u>128,017</u>	<u>123,000</u>

26. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £289,167 (2020: £296,865). Contributions totalling £45,098 (2020: £72,719) were payable to the fund at the balance sheet date and included in other creditors.

27. Commitments under operating leases

At 30 September 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	233,000	233,000
Later than 1 year and not later than 5 years	539,500	707,000
Later than 5 years	4,000	69,500
	<u>776,500</u>	<u>1,009,500</u>

ALCON COMPONENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

28. Related party transactions

Mr A I Fergusson and Mr A C Smith each have family interests in Apollo Investments, an unincorporated partnership that owns the building from which Alcon Components Limited operated from during the year.

Rentals were paid to Apollo Investments during the year amounting to £168,750 (2020: £150,000), which were consistent with an existing lease agreement.

Fees were paid to Mr P Jackson, Chairman of Beavis Morgan LLP, during the year for his services, associated travel costs and fees for consultancy work performed by Beavis Morgan LLP, were paid to Beavis Morgan LLP, amounting to £62,575 (2020: £31,828).

At the year end Beavis Morgan LLP is due an amount of £23,334 (2020: £54,305) from Alcon Components Limited.

During the year the Company issued a loan of £20,000 to Beavis Morgan LLP. At the balance sheet date, the amount owed to the Company totalled £20,000 (2020: £nil).

Included within Other Creditors shown in note 17 are the following loans from directors: P F Jackson £50,000; A J Mackinnon £100,000; R C Warren £300,000.

The company has taken advantage of section 33.1A of FRS102 to not disclosure details of transactions between subsidiaries which are wholly owned.

29. Ultimate parent undertaking and controlling party

The immediate parent company is Automotive Performance Technologies Limited, incorporated in England and Wales.

The largest and the smallest group in which the results of the company are consolidated is that headed by Automotive Performance Technologies Holdings Limited, incorporated in England and Wales. This company has no ultimate controlling party.

The consolidated financial statements of the group are available to the public from the Registrar of Companies in England and Wales.

30. Key management personnel

Key management personnel are considered to be the directors of the company only and the remuneration paid to these individuals is disclosed in note 8.