REGISTERED NUMBER: 02913195 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

FOR

SIGMA ASL LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	A J Elliott J A Elliott S Bhattacharji V J Pais
REGISTERED OFFICE:	Ground Floor Progress House 41 Progress Road Eastwood Leigh on Sea Essex SS9 5PR
REGISTERED NUMBER:	02913195 (England and Wales)
AUDITORS:	DPC Accountants Ltd Chartered accountants & statutory auditors Stone House Stone Road Business Park Stoke-On-Trent ST4 6SR
BANKERS:	HSBC Bank Plc 70 Pall Mall London SW1Y 5EZ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

The company's activities continue to be the supply of components for use in the manufacture of automotive parts. 5.55% of sales were in the UK, 7.60% in Europe and 86.85% in the Rest of the World, predominantly the USA and Mexico.

REVIEW OF BUSINESS

Like most suppliers to the global automotive industry, Sigma ASL Limited began 2021 with high expectations of continuing to achieve a slow and gradual recovery in sales, margins and profitability in all its markets but understood that it would take more time for the industry and the business to reach pre pandemic levels.

As the automotive OEM manufacturers became accustomed to their new redesigned manufacturing facilities and working methods as a result of Covid 19 the gradual recovery manifested itself, but annual sales were still only slightly up on the previous year and more importantly are still down on pre pandemic levels by some 40%. Coupled with the effect of Covid-19 the vehicle manufacturing industries were impacted by a worldwide shortage of semi-conductors which also contributed to the slower than anticipated recovery of the business.

Whilst gross profit margins have been maintained close to budget level, we have been impacted by a huge and unexpected increase in shipping costs as a shortage of containers around the world caused the cost of shipping to soar by 400% through the rest of the year.

The two new electric vehicle and component manufacturers mentioned previously are now in full production and significantly contributed to the results of the business. That being said, contributions in the next few years will see this increase tenfold due to the ramping up of production to meet their own sales targets. These factors combined with a continued consistent level of demand across the supercharger programs support means that the business began to return to profitability. The company also continued throughout the year in the development of critical castings for a customer in the aerospace industry. Preparations are now being made for the approval of initial samples to support a mass production start-up from Q1 2023.

Long term decisions affecting our business are initially determined at board level and implemented via a rolling 5-year strategic business plan, mainly leveraging the company's specialisation in complex lightweight castings with precision machining and in synchronised with the strategic sourcing needs of our main customers. To this end, we are well positioned to succeed in the industrial sectors we choose to support, with particular focus on aerospace, automotive, electric vehicles and e-mobility components. These sectors, all enjoy greater longevity and allow slightly better margins than other industries requiring more commoditised components. Our strategic business plan is agreed with our major customers and reviewed bi-annually via Strategic Executive Business Reviews.

The company employs and depends upon a small group of highly effective and well-trained business support personnel. The business planning process is inclusive, and the company's plans, expectations and results are available to all personnel. Operating decisions are made with full engagement of the appropriate members of the teams supporting each aspect of our business and staff meetings are held on a weekly basis, even during period of Covid-19 lockdowns in which employees worked remotely from the central office.

The success of the company allows us to provide above average salary and employment terms to all its employees and has a history of supporting fundraising events for the local community and charities. Sigma ASL will soon be marking its 30-year anniversary in the automotive manufacturing industry and is one of very few suppliers to be awarded Worldwide Premier Strategic Supplier Awards by its largest customer over many several recent successive years. This confirms the importance to all parties of the commitment to long term and mutually successful business. The company meets, and takes very seriously via its published policies, its obligation to the stringent environmental and other standards measured and monitored by the ISO, TS and AS assessment bodies.

REVIEW OF BUSINESS (CONTINUED)
The company insists upon the highest standards of conduct from its staff in transacting with customers and suppliers alike. The CEO maintains close and direct engagement with customers and suppliers, both to gauge the Company's reputation at a senior level and also to reinforce the company members' adherence to these standards. Disciplinary procedures are in place and invoked if and when necessary.

The company operates under a variety of policies designed to ensure that all members of staff may be assured a safe, open, transparent and inclusive working environment free from unfairness, prejudice and inequality. There is an established grievance procedure in place to allow the fair and equitable review and resolution of any potential issues with upward escalation to highest levels of management encouraged, if felt necessary by any member of staff.

The intercompany loan balance due from SCP now stands at $14.16m. Interest is charged on the loan at LIBOR + 3.5%. Repayment of the loan will begin in financial year ending 31 December 2022 and the loan is scheduled to be fully repaid by 31 December 2040, in accordance with the loan repayment schedule and SCP sales and cashflow forecasts.

PRINCIPAL RISKS AND UNCERTAINTIES
There are a range of economic and geopolitical risks and uncertainties facing the industry. These include Covid-19, global commodity prices, the evolution of electric vehicles and geopolitical issues such as Brexit. These risks are subject to regular review and where appropriate strategic plans for the business are revised and developed to minimise the level of exposure to the business. The directors undertake a monthly update to a rolling 5 year forward view of its business. These projections support the view of the directors, who remain very optimistic with regard to the medium- and long-term business growth and corresponding profitability of the company.

RESULTS AND KEY PERFORMANCE INDICATORS
The turnover for the year was $35.69m (FY 31.12.2020: $32.15m) and a loss after tax for the year amounted to $0.48m (FY 31.12.20 $0.76m).

The directors utilise a number of key performance indicators to enable a consistent method of analysing and monitoring performance. The key performance indicators utilised by the directors (as well as those mentioned above) include; EBITDA ($0.16m) (FY 31.12.2020: ($0.73m)), debtor days 47 (FY 31.12.2020: 69), and creditor days 220 (FY 31.12.2020: 238).

The employee headcount during the year was 28 (FY 31.12.20: 28).

FINANCIAL RISK MANAGEMENT
Credit risk is addressed by carrying out regular checks of our customers with a reputable credit risk agency and holding a provision for doubtful debts on the balance sheet. Foreign currency transactions are managed on a daily basis to ensure the company's exposure is minimised.

OPERATING EXPENSES
Operational expenses are monitored continually against budgeted amounts for each expense category and the directors are satisfied that the business continues to demonstrate strong cost control and caution in its decision making.

WORKING CAPITAL

The group meets its day to day working capital requirements through finance facilities provided by its bank and cash receipts from customers. These are closely monitored to ensure adherence to agreed credit terms. Stock is regularly reviewed to ensure that the valuation is in line with UK accounting standards and is deemed recoverable. Any obsolete stock that is identified is fully provided for within these financial statements. After the preparation of a detailed income statement and cashflow forecast for the company, the directors expect that Sigma ASL Limited has adequate resources to continue to trade as a going concern for the foreseeable future.

It must be noted that the working capital requirements of the company are not dependant on the repayment of the loan from SCP.

POST BALANCE SHEET EVENTS

The directors acknowledge that a material uncertainty exists that may cast some degree of doubt on the company's ability to continue as a going concern. The company is confident that the actions and activities already initiated by the directors and currently ongoing will address these issues comprehensively via a combination of refinancing, material and overhead cost reductions and the relinquishment of unprofitable elements of the company's current supply portfolio.

COMPETITIVE ADVANTAGE

The company strives to continuously improve its competitive advantage by working with its customers to provide innovative programs which deliver cost savings by introducing the latest designs and technologies. This enables our customers to best position themselves in the market, resulting in mutual benefit and growth.

ON BEHALF OF THE BOARD:

A J Elliott - Director

24 April 2023

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2021.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

A J Elliott
J A Elliott
S Bhattacharji
V J Pais

Other changes in directors holding office are as follows:

S Y Kim - resigned 2 July 2021

DISCLOSURE IN THE STRATEGIC REPORT
The company has, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The strategic report can be found on pages 2-4 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A J Elliott - Director

24 April 2023

Qualified Opinion
We have audited the financial statements of Sigma ASL Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Except for the financial effects of items noted in the basis for qualified opinion, if any, as might have been determined necessary had we been able to satisfy ourselves as to the recoverability of the intra-group loan balance, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 qualified 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 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. Our basis for qualified opinion is noted below:

The company has a loan balance due from a fellow subsidiary, Sigma Commercial Products Limited, of $14,165,893 as at 31 December 2021. This loan is shown in note 13 as due after more than one year and the terms of the loan and the financial position of Sigma Commercial Products Limited are detailed in that note. We were unable to obtain sufficient appropriate audit evidence about the recoverability of the loan as at 31 December 2021 because of the reliability of forecasting the profits of the fellow subsidiary over the period of the loan and the ability of the that company to make the loan payments as they fall due.

Consequently, we were unable to determine what adjustments, if any, were necessary to the amount of loan debtor.

Material uncertainty related 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.

We draw attention to note 25 of the financial statements, relating to going concern, which indicates that the company has net current liabilities of $10,246,499 at the year end date and has made further losses following the end of the financial period albeit they posted a profit in financial year starting 1 January 2023 . As stated in note 25, there are events and conditions, along with other matters set out in note 25 that indicate that a material uncertainty exists that may potentially cast doubt on the company's ability to continue as a going concern. We are aware that management is currently engaged in a number of actions to resolve these terms and conditions, our opinion is not modified in this respect.

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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 the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page five, 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 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.

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Based on this approach we were able to assess the Company risks and ensure the risks were considered throughout all areas of audit testing. The audit team was professionally sceptical throughout the audit and remained alert for inaccurate or misleading information.

Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or irregularities. Our procedures to identify any potential fraud or irregularities are as follows:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Audit testing was completed on a targeted sample basis based on our assessment of risk and materiality. Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Report of the Auditors to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Report of the Auditors. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 a Report of the Auditors 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.

Helen Tidyman (Senior Statutory Auditor)
for and on behalf of DPC Accountants Ltd
Chartered accountants & statutory auditors
Stone House
Stone Road Business Park
Stoke-On-Trent
ST4 6SR

27 April 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 $	31.12.20 $
TURNOVER	4	35,691,265	32,152,795
Cost of sales		(32,720,564)	(29,968,639)
GROSS PROFIT		2,970,701	2,184,156
Administrative expenses		(4,065,464)	(3,192,573)
		(1,094,763)	(1,008,417)
Other operating income		12,509	-
OPERATING LOSS	6	(1,082,254)	(1,008,417)
Interest receivable and similar income		529,787	527,330
		(552,467)	(481,087)
Gain/loss on revaluation of investments		265,222	(265,222)
		(287,245)	(746,309)
Interest payable and similar expenses	7	(197,132)	(132,040)
LOSS BEFORE TAXATION		(484,377)	(878,349)
Tax on loss	8	-	114,930
LOSS FOR THE FINANCIAL YEAR		(484,377)	(763,419)
OTHER COMPREHENSIVE INCOME			
Revaluation of tangible assets		265,222	(265,222)
Transfer to undistributable reserves		(265,222)	265,222
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(484,377)	(763,419)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2021

	Notes	31.12.21 $	31.12.20 $
FIXED ASSETS			
Intangible assets	9	1,990,561	1,310,268
Tangible assets	10	109,382	54,496
Investments	11	979,318	714,096
		3,079,261	2,078,860
CURRENT ASSETS			
Stocks	12	7,858,538	7,909,667
Debtors: amounts falling due within one year	13	5,423,329	6,764,574
Debtors: amounts falling due after more than one year	13	14,165,893	14,554,537
Cash at bank		2,611,853	977,031
		30,059,613	30,205,809
CREDITORS			
Amounts falling due within one year	14	(26,140,219)	(25,179,829)
NET CURRENT ASSETS		3,919,394	5,025,980
TOTAL ASSETS LESS CURRENT LIABILITIES		6,998,655	7,104,840
CREDITORS			
Amounts falling due after more than one year	15	(378,192)	-
NET ASSETS		6,620,463	7,104,840
CAPITAL AND RESERVES			
Called up share capital	19	2,082,679	2,082,679
Undistributable reserves	20	509,000	243,778
Retained earnings	20	4,028,784	4,778,383
SHAREHOLDERS' FUNDS		6,620,463	7,104,840

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2023 and were signed on its behalf by:

A J Elliott - Director

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

	Called up share capital $	Retained earnings $	Undistributable reserves $	Total equity $
Balance at 1 January 2020	2,082,679	5,276,580	509,000	7,868,259
Changes in equity				
Total comprehensive income	-	(498,197)	(265,222)	(763,419)
Balance at 31 December 2020	2,082,679	4,778,383	243,778	7,104,840
Changes in equity				
Total comprehensive income	-	(749,599)	265,222	(484,377)
Balance at 31 December 2021	2,082,679	4,028,784	509,000	6,620,463

The notes form part of these financial statements

1. STATUTORY INFORMATION

Sigma ASL Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the US Dollar ($).

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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 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 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

SIGNIFICANT JUDGEMENTS AND ESTIMATES
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

(i) Estimated useful lives and residual values of fixed assets

As described in notes to the financial statements, depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives used by other companies operating in the sector and actual asset lives and residual values, as evidenced by disposals during the current and prior accounting periods.

(ii) Provisions

Provision is made for obsolete and slow moving stock. These provisions require management's best estimate of net realisable values.

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3. **ACCOUNTING POLICIES - continued**

GOING CONCERN
The company has made an operating loss in the amount of $1,082,254 in the financial year to 31 December 2021. Following the end of the reporting period the Company has continued to make losses after interest and taxation of $505,959 in the period to 31 December 2022.

The company has the continued support of its bankers, other lenders and creditors and has managed its cash flow position effectively. The directors believe this is sufficient for the company to continue to trade for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis. Covid-19 and the worldwide semi-conductor shortage have impacted sales during the financial year to 31 December 2021.

The directors acknowledge that a material uncertainty exists, due to the company losses made post year-end and ongoing cashflow pressures, that may cast some degree of doubt on the company's ability to continue as a going concern. The directors are confident that the actions and activities already initiated and currently ongoing will address these issues comprehensively.

The Company uses a conventional confidential Invoice financing facility as well as an Invoice discounting portal provided by its biggest customer. They also use Supply chain Finance in the form of a LC Facility which provide enhanced cash flow and working capital management options. EBITDA for the period January to December 2022 is negative $282,775.

REVENUE RECOGNITION
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

INTANGIBLE ASSETS
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life based on the sales lifecycle of each project. Amortisation is charged from the date economic benefits are realised by the company.

continued...

3. **ACCOUNTING POLICIES - continued**

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- straight line over the life of the lease
Plant and machinery	- 12.5% straight line
Fixtures and fittings	- 25% straight line
Motor vehicles	- 25% straight line

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

INVESTMENTS IN ASSOCIATES

Investments in associate undertakings are recognised at cost.

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

STOCKS

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

continued...

3. **ACCOUNTING POLICIES - continued**

FINANCIAL INSTRUMENTS
A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Financial instruments are measured initially and subsequently at fair value.

Cash flows arising on derivative instruments used to hedge the company's exposure to transactions in foreign currencies are recognised in the income statement when the hedged transaction takes place.

CORPORATION TAX
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

DEFERRED TAX
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

continued...

3. **ACCOUNTING POLICIES - continued**

FOREIGN CURRENCIES
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

HIRE PURCHASE AND LEASING COMMITMENTS
Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

EXCEPTIONAL ITEMS
Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

4. **TURNOVER**

The turnover and loss before taxation are attributable to the principal activities of the company.

An analysis of turnover by geographical market is given below:

	31.12.21	31.12.20
	$	$
United Kingdom	1,980,865	806,108
Europe	2,712,536	4,664,262
Rest of the World	30,997,864	26,682,425
	35,691,265	32,152,795

5. **EMPLOYEES AND DIRECTORS**

	31.12.21	31.12.20
	$	$
Wages and salaries	1,242,926	805,077
Social security costs	179,361	205,456
Other pension costs	14,018	13,144
	1,436,305	1,023,677

The average number of employees during the year was as follows:

	31.12.21	31.12.20
Directors, management and staff	18	18
Korea office	10	10
	28	28

continued...

5. **EMPLOYEES AND DIRECTORS - continued**

	31.12.21 $	31.12.20 $
Directors' remuneration	251,000	230,491

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	2	2

Information regarding the highest paid director is as follows:

	31.12.21 $	31.12.20 $
Emoluments etc	125,641	115,640

6. **OPERATING LOSS**

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

	31.12.21 $	31.12.20 $
Hire of plant and machinery	34,827	9,384
Depreciation - owned assets	15,306	14,542
Development costs amortisation	110,555	-
Auditors' remuneration	35,321	-
Audtor's remuneration	-	32,194
Foreign exchange differences	(36,714)	56,334

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.21 $	31.12.20 $
Bank interest	20,114	4,987
Factoring interest	163,046	113,081
Other interest payable	13,972	13,972
	197,132	132,040

8. **TAXATION**

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	31.12.21 $	31.12.20 $
Current tax:		
UK corporation tax	-	(114,930)
Tax on loss	-	(114,930)

continued...

8. **TAXATION - continued**

RECONCILIATION OF TOTAL TAX CREDIT INCLUDED IN PROFIT AND LOSS

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.21	31.12.20
	$	$
Loss before tax	(484,377)	(878,349)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(92,032)	(166,886)
Effects of:		
Expenses not deductible for tax purposes	(46,941)	(96,834)
Capital allowances in excess of depreciation	(1,379)	(1,800)
prior periods		
branch		
Corporation tax losses carried forward	140,352	150,590
Total tax credit	-	(114,930)

Tax effects relating to effects of other comprehensive income

	31.12.21 Gross	Tax	Net
	$	$	$
Revaluation of tangible assets	265,222	-	265,222
Transfer to undistributable reserves	(265,222)	-	(265,222)
	-	-	-

	31.12.20 Gross	Tax	Net
	$	$	$
Revaluation of tangible assets	(265,222)	-	(265,222)
Transfer to undistributable reserves	265,222	-	265,222
	-	-	-

continued...

9. INTANGIBLE FIXED ASSETS

	Development costs $
COST	
At 1 January 2021	1,310,268
Additions	790,848
At 31 December 2021	2,101,116
AMORTISATION	
Amortisation for year	110,555
At 31 December 2021	110,555
NET BOOK VALUE	
At 31 December 2021	1,990,561
At 31 December 2020	1,310,268

10. TANGIBLE FIXED ASSETS

	Short leasehold $	Plant and machinery $	Fixtures and fittings $	Motor vehicles $	Totals $
COST					
At 1 January 2021	4,322	77,841	88,105	2,610	172,878
Additions	-	65,753	4,439	-	70,192
At 31 December 2021	4,322	143,594	92,544	2,610	243,070
DEPRECIATION					
At 1 January 2021	2,075	37,667	77,553	1,087	118,382
Charge for year	893	7,654	6,106	653	15,306
At 31 December 2021	2,968	45,321	83,659	1,740	133,688
NET BOOK VALUE					
At 31 December 2021	1,354	98,273	8,885	870	109,382
At 31 December 2020	2,247	40,174	10,552	1,523	54,496

continued...

11. FIXED ASSET INVESTMENTS

	Interest in associate $
COST OR VALUATION	
At 1 January 2021	714,096
Reversal of impairments	265,222
At 31 December 2021	979,318
NET BOOK VALUE	
At 31 December 2021	979,318
At 31 December 2020	714,096

Cost or valuation at 31 December 2021 is represented by:

	Interest in associate $
Valuation in 2019	979,318
Valuation in 2020	(265,222)
Valuation in 2021	265,222
	979,318

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

ASSOCIATED COMPANY

Sigma Manufacturing Services
Registered office: Sigma Manufacturing Solution 29, Mieumsandan-ro 76beon-gil Gangseo, Busan, Korea.
Nature of business:

Class of shares:	% holding
Ordinary	29.06

	31.12.21 $	31.12.20 $
Aggregate capital and reserves	1,623,156	2,544,974
Profit/(loss) for the year	681,020	(1,717,574)

12. STOCKS

	31.12.21 $	31.12.20 $
Stocks	7,858,538	7,909,667

continued...

13. DEBTORS

	31.12.21	31.12.20
	$	$
Amounts falling due within one year:		
Trade debtors	4,559,202	6,040,131
Amounts owed by group undertakings	285,823	285,823
Other debtors	114,490	74,788
Directors' current accounts	4,491	4,491
Tax	80,717	81,255
VAT	143,496	86,455
Prepayments and accrued income	235,110	191,631
	5,423,329	6,764,574
Amounts falling due after more than one year:		
Amounts owed by group undertakings	14,165,893	14,554,537
Aggregate amounts	19,589,222	21,319,111

The amounts due after more than one year relate to a group company loan to Sigma Commercial Products Limited. Interest is charged at LIBOR + 3.5% per annum, repayment of the loan will begin in financial year 31 December 2022 and the loan is scheduled to be fully repaid by 31st December 2040. Sigma Commercial Products Limited (SCP) has net liabilities of $14.7m as a result of the loan, and a loss before tax, after accruing the loan interest for the December 2021 year end. The sales and cash flow forecasts support the loan repayment schedule and the directors do not consider the asset to be impaired.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	31.12.20
	$	$
Bank loans and overdrafts (see note 16)	2,070,841	402,902
Other loans (see note 16)	-	364,221
Trade creditors	19,709,324	19,564,548
Amounts owed to group undertakings	5,939	5,939
Social security and other taxes	157,225	90,606
Other creditors	135,070	162,165
Factoring account	3,188,612	4,431,564
Directors' current accounts	250,000	-
Accruals and deferred income	623,208	157,884
	26,140,219	25,179,829

The aggregate amount of creditors for which security has been given amounted to $3,188,612 (2020 $4,431,564).

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.21	31.12.20
	$	$
Other loans (see note 16)	378,192	-

continued...

16. LOANS

An analysis of the maturity of loans is given below:

	31.12.21	31.12.20
	$	$
Amounts falling due within one year or on demand:		
Bank overdrafts	2,070,841	402,902
Other loans	-	364,221
	2,070,841	767,123
Amounts falling due between two and five years:		
Other loans - 2-5 years	378,192	-

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.21	31.12.20
	$	$
Within one year	121,098	98,943
Between one and five years	130,863	144,314
	251,961	243,257

18. SECURED DEBTS

A debenture dated 6 November 2007 exists between the company and HSBC Bank Plc.

A contract monies charge dated 11 March 2011 exists between the company and HSBC Bank Plc.

The invoice financing is secured by a fixed and floating charge over all property and assets present and future. The charge is in favour of HSBC Invoice Finance (UK) Limited dated 31 December 2007.

The company is party to an unlimited Multilateral Guarantee dated 8 March 2018 covering all the UK companies across the group, The Guarantee is in favour of HSBC Bank Plc.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.21	31.12.20
			$	$
2	Ordinary shares	$1.5	3	3
1,288,705	Preference shares	$1.616	2,082,676	2,082,676
			2,082,679	2,082,679

20. RESERVES

	Retained earnings $	Undistributable reserves $	Totals $
At 1 January 2021	4,778,383	243,778	5,022,161
Deficit for the year	(484,377)		(484,377)
Transfer to/from undistributable reserves	(265,222)	265,222	-
At 31 December 2021	4,028,784	509,000	4,537,784

21. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is SAL Group Limited, a company registered in England and Wales. SAL Group Limited is the only group company that prepares consolidated financial statements, including the accounts of this company. A copy of the financial statements can be obtained from the registered office; being Ground Floor Progress House 41 Progress Road, Eastwood, Leigh On Sea, Essex, England, SS9 5PR.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2021 and 31 December 2020:

	31.12.21 $	31.12.20 $
A J Elliott		
Balance outstanding at start of year	4,491	4,491
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	4,491	4,491

Amounts advanced to the director are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of 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) During the year the company undertook transactions with Sigma Manufacturing Solutions, a participating interest of the company, as follows: Amounts owed to related party at 1 January 2021 $2,096,693, receipts from the related party $3,766 , purchases from related party $12,653,037 and payments to related party $13,145,107. Amounts owed to related party at 31 December 2021 $1.600.858.

2) During the year the company undertook transaction with Sigma SAL LLC, an equal shareholder of SAL Group Limited, the parent company. The transactions with the related party during the year are as follows: Amounts owed to related party at 1 January 2021 $364,221, interest charged on amounts due $13,972. Amounts owed to related party at 31 December 2021 $378,192.

Key management personnel compensation is shown in the staff costs above.

continued...

24. **POST BALANCE SHEET EVENTS**

Other than events noted within the strategic report, there was no other material post balance sheet events up to the date of approval of the financial statements by the Board.

25. **GOING CONCERN**

The company has made an operating loss in the amount of $1,082,254 in the financial year to 31 December 2021. Following the end of the reporting period the Company has continued to make losses after interest and taxation of $505,959 in the period to 31 December 2022.

The company has the continued support of its bankers, other lenders and creditors and has managed its cash flow position effectively. The directors believe this is sufficient for the company to continue to trade for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis. Covid-19 and the worldwide semi-conductor shortage have impacted sales during the financial year to 31 December 2021.

The directors acknowledge that a material uncertainty exists, due to the company losses made post year-end and ongoing cashflow pressures, that may cast some degree of doubt on the company's ability to continue as a going concern. The directors are confident that the actions and activities already initiated and currently ongoing will address these issues comprehensively.

The Company uses a conventional confidential Invoice financing facility as well as an Invoice discounting portal provided by its biggest customer. They also use Supply chain Finance in the form of a LC Facility which provide enhanced cash flow and working capital management options. EBITDA for the period January to December 2022 is negative $282,775.