

Kautex Textron CVS Limited

Report and Financial Statements

31 December 2021



Kautex Textron CVS Limited

Directors

J Rautenstrauch
J Perez Pascual

Secretary

Richard Lewis

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers

Bank of America Merrill Lynch
2 King Edward Street
London EC1A 1HQ

Solicitors

Warren Murton
23 Bedford Row
London WC1R 4EB

Registered office

23 Bedford Row
London WC1R 4EB

Registered No. 03402476

Kautex Textron CVS Limited

Registered No. 03402476

Strategic report

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

Results and dividends

The trading profit for the year after taxation amounted to £7,978k (2020 – loss £459k). This includes in 2021, the sale of intellectual property rights profit of £16,346k.

The directors do not recommend a final dividend (2020 – £nil).
Dividends paid in the year amounted to £nil (2020 – £nil).

Principal activity and review of the business

The company's principal activity was the manufacture and distribution of washer systems for the automotive industry.

The company's key performance indicators during the year were as follows:

	2021	2020
	£000	£000
Turnover	19,829	22,002
Operating profit/(loss)	10,007	(701)
Profit/(loss) after tax	7,978	(459)
Shareholders' funds	20,184	12,206

In March 2021, an announcement was made that the business had started a process to consider transferring production to other European Kautex sites. In June 2021, agreement was reached with the employee forum that the plant will close in 2022. The plant ceased production in September 2022 and management is in negotiations to exit the site lease which ends in December 2023.

Customers were transferred to Kautex sites in the Czech Republic, Romania, Spain and Germany during 2021 and 2022.

Whilst the operational results in 2021 were impacted by the plant closure, focus continued on further improving operational stability and efficiencies. Significant successes were achieved in operational performance, stock control and product quality.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The principal business risks facing the Company are the failure to win follow on business on existing products, cessation of production of any significant current products, exposure to oil price fluctuation (via plastic resin raw material purchases), exchange rate movements and, in the longer term, changes in technology for motor vehicles. Quality initiatives and health and safety compliance are reviewed on a monthly basis.

The outlook for the business has been disappointing, due to changing customer schedules and the movement from fuel to electric vehicles. Consequently, in June 2021 an announcement was made that the business had started a process to close. Manufacturing ceased in September 2022 with the site cleared by November.

Kautex Textron CVS Limited

for the year ended 31 December 2021

Strategic report (continued)

Financial risk management

The exchange risks are hedged whenever possible via buying/selling forward for the following business year and/or price pass through with the agreement of the customer. Raw material fluctuations are covered via a pass-through mechanism agreed at the commencement of the programs.

The full-scale attack on the entire territory of Ukraine launched by Russia (with the support of Belarus) on 24 February 2022, marked the start of the Ukraine War. The EU, the USA, Great Britain and other countries reacted to the attack with severe sanctions against Russia, Belarus and the separatist areas in eastern Ukraine.

Kautex Textron CVS Limited is not actively involved in the countries involved in the war. Ukraine as well as Russia and Belarus are not target countries of Kautex Textron CVS Limited nor are there any locations in the aforementioned countries. Against this background, Kautex Textron CVS Limited currently does not expect any significant effects on the business development and the situation of the company or the group, particularly as the business had started the closure and transfer of business. Nevertheless, there are economic consequences of the war and the sanctions imposed (shortages/increases in price of oil, gas, raw materials and freight and packaging) led to high inflation rates all over the world. These pressures were experienced by the business and such costs were not recharged to customers.

There was no significant impact of Covid-19 on the 2021 results, except for similar inflationary pressures mentioned above.

On behalf of the Board

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30 January 2023

J. Perez
Director

30 January 2023

Kautex Textron CVS Limited

for the year ended 31 December 2021

Directors' report

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

Research and development expenditure

The company did undertake development work on new products to improve existing performance by reducing size and weight and increasing capability.

Plant closure

On 18 March 2021, an announcement was made that the business had started a process to assess closure. In June 2021, agreement was reached with the employee forum that the plant would close in 2022. Trade within the business concluded in September 2022 with final sales issued. The remaining assets belonging to the entity were transferred onto other Kautex Group entities to continue their use in the production of finished goods. In line with the employee forum discussions on the cessation of trade, all remaining employee contracts were terminated in quarter 4 2022.

Accordingly, these financial statements have been prepared on a basis other than a going concern.

Future outlook

It is expected that the Company will be liquidated during the 2023 financial year following on the conclusion of leasehold exit negotiations.

Directors

The directors who served the Company during the year and to the date of this report were as follows:

J Rautenstrauch
J Perez Pascual

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the company newsletter and the Textron 'Our Voice' survey. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Kautex Textron CVS Limited

for the year ended 31 December 2021

Directors' report (continued)

Use of derivatives

The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with section 487(2) of the Companies Act 2006, the auditor, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this report and financial statements are sent to members unless a resolution is passed under section 488 of the Companies Act 2006 to the effect that they should not be re-appointed.

On behalf of the Board

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30 January 2023

J.Perez
Director

30 January 2023

Kautex Textron CVS Limited

for the year ended 31 December 2021

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Kautex Textron CVS Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAUTEX TEXTRON CVS LIMITED**Opinion**

We have audited the financial statements of Kautex Textron CVS Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22, 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 FRS 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 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 opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - financial statements prepared on a basis other than going concern

We draw attention to Note 1 on page 12 of the financial statements which explains that the directors intend to liquidate the Company and therefore do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report. Other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Kautex Textron CVS Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAUTEX TEXTRON CVS LIMITED (continued)**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 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 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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Kautex Textron CVS Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAUTEX TEXTRON CVS LIMITED (continued)

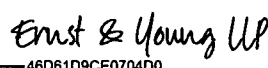
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the United Kingdom. In addition, the Company must comply with laws and regulations relations to its operating; including UK employment law, health & safety and GDPR.
- We understood how Kautex Textron CVS Limited is complying with those frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries through reading of board minutes. Our audit procedures were designed to either corroborate or provide contrary evidence, the results of which were followed up appropriately.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also understood the performance targets in the context of variable pay reward schemes and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Where this risk was higher, we performed incremental audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations, and enquiries of management and those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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30 January 2023

JI Gordon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 January 2023

Kautex Textron CVS Limited

Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Turnover	2	19,829	22,002
Cost of sales		(19,121)	(19,884)
Gross Profit		708	2,118
Distribution costs		(310)	(319)
Administrative expenses		(6,737)	(3,729)
Other income	3	16,346	1,229
Operating Profit/(Loss)	4	10,007	(701)
Interest receivable and similar charges	7	-	4
Profit/(loss) on ordinary activities before taxation		10,007	(697)
Tax	8	(2,029)	238
Profit/(loss) for the financial year		7,978	(459)

All amounts relate to continuing activities.

Statement of changes in equity

for the year ended 31 December 2021

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2020	541	12,029	12,570
Share-based payment	-	95	95
Loss for the year	-	(459)	(459)
At 31 December 2020	541	11,665	12,206
Profit for the year	-	7,978	7,898
At 31 December 2021	541	19,643	20,184

Kautex Textron CVS Limited

Balance sheet

at 31 December 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	9	2,072	2,604
Current assets			
Stocks	10	2,692	1,891
Debtors: amounts falling due within one year	11	21,799	9,771
Debtors: amounts falling due after more than one year	12	2,336	2,638
Cash at bank and in hand		-	-
		26,827	14,300
Creditors: amounts falling due within one year	13	(5,066)	(4,193)
Net current assets		21,761	10,107
Total assets less current liabilities		23,833	12,711
Provisions for liabilities and charges	20	(3,649)	(505)
Net assets less current liabilities		20,184	12,206
Capital and reserves			
Called up share capital	14	541	541
Profit and loss account		19,643	11,665
Shareholders' funds		20,184	12,206

The financial statements were approved by the Board and authorised for issue and were signed on its behalf by J.Perez on 30 January 2023.

DocuSigned by:

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30 January 2023

J.Perez

Director

30 January 2023

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

1. Accounting policies

Basis of preparation and statement of compliance with FRS102

During the 2021 financial year the Company agreed that it would cease trading activities within the 2022 financial year, with liquidation expected in 2023. In accordance with FRS102, paragraph 3.8, these financial statements are prepared on a basis other than going concern to reflect the fact that trading will cease. In adopting a basis other than going concern, the following policies were implemented:

- All fixed assets have been disclosed at their net realisable value and will be sold to another Group company for this value,
- All current assets have been disclosed at values at which they are expected to be realised,
- All liabilities reflect the full amount at which they are expected to materialise.

Kautex Textron CVS Limited is a private company limited by shares incorporated in the UK, and registered in England and Wales, with its registered office at Warren Murton, 23 Bedford Row, London WC1R 4EB. These financial statements are prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the historical cost convention. The principal accounting policies adopted by the company are set out below and have been consistently applied throughout the year.

The financial statements are presented in the Company's functional currency of GB Pounds (Sterling), rounded to the nearest thousand Pounds (£000). The prior year statement of comprehensive income and balance sheet include reclassifications to present other income separately on the statement of comprehensive income and provisions separately on the balance sheet to conform to the current period presentation.

The company is a qualifying entity (note 19) and has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 7 – Statement of Cash-Flows and Section 3 – Financial Statement Presentation paragraph 3.17(d);
- (b) The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 29A relating to financial instruments;
- (c) The requirements of Section 26 – Share Based Payment – paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- (d) The requirement of Section 33 – Related Party Disclosures paragraph 33.7

Tangible fixed assets

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value based on the prices prevailing at the date of acquisition of each asset, evenly over its expected useful life as follows:

Plant, machinery and tooling	–	over 1-15 years
Fixtures and fittings	–	over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost includes all costs incurred in bringing each product to its present location and condition and is based on purchase cost as follows:

Raw materials, consumables

and goods for resale

– purchase cost on a first-in, first-out basis.

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Revenue recognition

Turnover is recognised in line with the contract terms and conditions of its customers which recognises revenue when risk changes from seller to buyer, this is at the point of despatch.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Use of derivatives

The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. This is done each year, usually at the same currency rate as next year's annual budget rate.

Purchases and sales in foreign currencies are recorded at the actual rate of exchange ruling at the date of the transaction. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit and loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The Company does not undertake any hedge accounting transactions.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight-line basis over the lease term.

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

1. Accounting policies (continued)

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Share-based payment

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby the employees render services in exchange for shares (equity-settled transactions). The shares issued are those of the Company's ultimate parent undertaking and controlling party, Textron Inc. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is based on the market value of the shares at the date of grant less required adjustments to reflect the fair value of the award as dividends are not paid or accrued until the shares vest.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the periods in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest. No expense is recorded for awards that do not ultimately vest. The terms of the equity-settled award do not allow modifications.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual tooling project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Warranties

Warranty costs are charged to the profit and loss account when incurred.

Government grants

Government grants are recognised when it is reasonable to expect the grants will be received and that all related conditions will be met, usually on submissions of a valid claim for payment.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2021 £000	2020 £000
United States	121	67
Western Europe	17,543	19,205
Eastern Europe	1,528	1,922
Northern Africa	544	754
Asia	93	54
	<u>19,829</u>	<u>22,002</u>

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

3. Other income

As part of the Company's closure, the intellectual property rights were sold to a fellow group undertaking for £16,346k.

The costs below include the claim for the Government's Coronavirus Job Retention Scheme ("Furlough") under which the Company recovered £Nil (2020 - £1,229k).

	2021	2020
	£000	£000
Other income	16,346	1,229
	<u>16,346</u>	<u>1,229</u>

4. Operating profit

This is stated after charging/(crediting):

	2021	2020
	£000	£000
Auditors' remuneration	40	34
Depreciation	460	349
Operating lease rentals – leasehold property	334	334
Operating lease rentals – vehicles & equipment	22	65
Severance costs	2,210	275
Foreign exchange loss/(gain)	59	(39)
Coronavirus Job Retention Scheme Income	-	1,229

5. Directors' remuneration

The directors received no remuneration for their services in respect of the company in the current year. Directors' remuneration is borne by another company within the group. Their time spent on the activities of the Company is negligible.

None of the directors were members of a defined benefit pension scheme. Consequently, no company contributions have been made to such a scheme.

6. Staff costs

	2021	2020
	£000	£000
Wages and salaries	7,522	5,691
Social security costs	655	680
Pension costs	444	486
Expense of share-based payment (note 17)	-	95
	<u>8,621</u>	<u>6,952</u>

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

6. Staff costs (continued)

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

	No.	No.
Management and administration	67	114
Production	156	159
Sales and marketing	2	2
	<u>225</u>	<u>275</u>

7. Interest receivable and similar charges

	2021 £000	2020 £000
Group interest receivable	<u>-</u>	<u>4</u>

8. Tax**(a) Tax on profit on ordinary activities**

The tax charge/(credit) is made up as follows:

	2021 £000	2020 £000
UK Corporation tax expense / (credit)	1,996	(119)
Adjustment in respect of prior periods	2	(157)
Current tax expense	<u>1,998</u>	<u>(276)</u>
Origination and reversal of timing differences	(94)	18
Effects of changes in tax rates	-	(35)
Adjustments in respect of prior periods	125	55
Deferred tax (credit)/expense	<u>31</u>	<u>38</u>
Tax expense included in profit or loss	<u>2,029</u>	<u>(238)</u>
Total current and deferred tax relating to items of other comprehensive income	<u>-</u>	<u>-</u>
	<u>2,029</u>	<u>(238)</u>

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

8. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2020:19%). The differences are reconciled below:

	2021 £000	2020 £000
Profit/ (loss) on ordinary activities before taxation	10,007	(697)
Profit on ordinary activities multiplied by standard rate of tax in UK of 19% (2020:19%)	1,901	(132)
Expenses not deductible for tax purposes	-	13
Employee share acquisition	-	18
Effect of change in tax rate	-	(35)
Adjustment in respect of prior periods	128	(102)
Corporation tax charge for the year	2,029	(238)

(c) Factors that may affect future charges

The Finance Act 2021 enacted on 10 June 2021 increases the main rate of corporation tax to 25% from 1 April 2023.

Deferred tax assets and liabilities at 31 December 2021 have been calculated at 19% due to the planned closure date of the business.

The rate change will impact any future cash payments made by the Company.

(d) Deferred tax asset

	£'000	
At 1 January 2021	315	
Charged to profit and loss account	93	
Adjustment in respect of prior periods	(125)	
At 31 December 2021	283	
	2021 £000	2020 £000
Recognised		
Accelerated capital allowances	47	69
Loss carried back to earlier periods	-	125
Other timing differences	236	121
	283	315

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

9. Tangible fixed assets

	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Assets under construction £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2021	8,372	247	722	9,341
Additions	-	-	35	35
Disposals	(195)	-	-	(195)
Transfers	563	-	(563)	-
At 31 December 2021	8,740	247	194	9,181
Depreciation:				
At 1 January 2021	6,490	247	-	6,737
Disposals	(88)	-	-	(88)
Provided during the year	460	-	-	460
At 31 December 2021	6,862	247	-	7,109
Net book value:				
At 31 December 2021	1,878	-	194	2,072
At 31 December 2020	1,882	-	722	2,604

10. Stocks

	<i>2021 £000</i>	<i>2020 £000</i>
Raw materials and consumables	2,235	1,612
Finished goods and goods for resale	457	279
	<u>2,692</u>	<u>1,891</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

11. Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	2,978	4,222
Amounts owed by group undertakings	18,729	5,443
Prepayments and accrued income	92	106
	<u>21,799</u>	<u>9,771</u>

Amounts owed by fellow subsidiaries includes £18,729k (2020: £5,443k) that relate to the amount of cash held within the cash pool headed by a fellow subsidiary. Interest is earned on this balance from Bank of America at the prevailing rate and is passed through as interest income. The cash pool receivable is unsecured and repayable on demand. Other intercompany balances with entities are unsecured, interest free, and are repayable on demand. During the year ended 31 December 2021, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2020: nil).

12. Debtors: amounts falling due after more than one year

Amounts falling due after more than one year are:

	2021 £000	2020 £000
Included in other debtors:		
Deferred tax asset	283	315
Other taxes	123	264
Customer tooling	1,929	2,059
	<u>2,336</u>	<u>2,638</u>

13. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	992	1,525
Amounts owed to group undertakings	2,547	1,262
Accruals and deferred income	1,527	1,406
	<u>5,066</u>	<u>4,193</u>

Intercompany amounts owed to group undertakings are unsecured, interest free and repayable on demand. Due to the amounts having no set repayment date they have been classified as current assets.

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

14. Issued share capital

		2021		2020
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £0.01 each	54,087,201	<u>541</u>	54,087,201	<u>541</u>

15. Capital commitments

The capital commitments at 31 December 2021 were £nil (2020 - £nil).

16. Pensions

The Company participates in a defined contribution pension scheme, the Textron Limited Pension Scheme, for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the year end (2020 - £nil).

17. Share-based payments

1999 Long-term incentive plan

Eligible employees of the Company receive awards under the Restricted Stock section of the 1999 long-term incentive plan (the Plan). The Plan is operated by the Company's ultimate parent undertaking and controlling party, Textron Inc. An award of Restricted Stock vests one-third in each of the third, fourth and fifth years following the date of grant. The employee must still be employed by the Company at the date of vest for the shares to become vested. There are no performance conditions attached to the award. Restricted stock is transferred to the employee's ownership, at the date of vest, at no cost to the employee.

18. Other financial commitments

At 31 December 2021 the company had total commitments under non-cancellable operating leases as set out below:

	2021	2020
	£000	£000
Land & buildings operating leases which expire:		
Within one year	334	334
In two to five years	334	668
Equipment operating leases which expire:		
Within one year	19	34
In two to five years	1	20
	<u>688</u>	<u>1,056</u>

Kautex Textron CVS Limited

Notes to the financial statements

at 31 December 2021

19. Contingent liabilities

	2021 £000	2020 £000
HM Revenue and Customs import duty guarantee	100	100

20. Provisions for liabilities and charges

	Maintenance Dilapidations £000	Severance provision £000	Total £000
At 1 January 2021	230	275	505
Additions during the year	934	3,197	4,131
Utilised	-	(987)	(987)
At 31 December 2021	1,164	2,485	3,649

Provisions has been established for the expected costs arising from the closure of the plant as follows:

- Maintenance dilapidations and final contract payments on cessation of the lease in December 2023.
- Severance packages offered to employees which are expected to be utilised within one year.

21. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Textron International Holding BV. The ultimate parent undertaking and controlling party is Textron Inc, a company incorporated in the United States of America. This is the largest group of which the Company is a member and for which group financial statements are prepared. Their financial statements are available from the registered office at 40 Westminster Street, Providence, RI 02903, USA.

22. Post balance sheet event

Manufacturing ceased during September 2022 and the site will be cleared by the end of 2022. Negotiations are ongoing with the landlord to terminate the lease earlier or departure will be December 2023.

The conflict which continues in Ukraine is not considered to have a material impact on the Company due to having no operations or customers in that region. There were no events that the directors consider material to the users of these financial statements since the balance sheet date, but before these financial statements were approved.