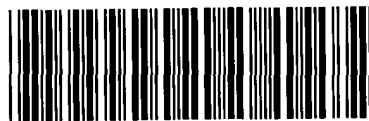


TS Tech UK Ltd

**Annual Report and Financial Statements
for the year ended 31 March 2021**

Registered number: 03720346

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TS Tech UK Ltd

Annual Report and Financial Statements 2021

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TS Tech UK Ltd

Officers and professional advisers

DIRECTORS

R Kanamori
E Toba

COMPANY SECRETARY

TMF Corporate Administration Services Limited

REGISTERED OFFICE

c/o TMF Group
8th Floor
20 Farringdon Street
London
United Kingdom
EC4A 4AB

BANKERS

MUFG Bank Ltd
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9AN

SOLICITORS

Gateley LLP
One Eleven
Edmund Street
Birmingham
B3 2HJ

AUDITOR

Deloitte LLP
Statutory Auditor
Bristol
United Kingdom

TS Tech UK Ltd

Strategic report

The directors present the Strategic Report and the audited financial statements for the year ended 31 March 2021.

STRATEGY AND OBJECTIVES

TS Tech UK Ltd's ("the Company") principal activity is the production of car seats for the car industry, currently wholly Honda of the UK Manufacturing Limited ("Honda"). In the manufacture of its products, the Company pursues safety, environmental sustainability, and comfort.

Due to Honda's closure (as mentioned below) the Company ended the principal activity in July 2021, the Company continued various component manufacturing/delivery to Honda's subsidiaries trading to September 2021. Continuing trading/income will occur to March 2022 from the JLR account and resulting asset sales due to the company's closure. The Company's current objective is to decommission all sites in an orderly fashion.

THE BUSINESS MODEL

The Company worked closely with Honda in all aspects of business from research and development related to future models through to final delivery of car seats to Honda's production site, which was less than five miles away. The production volumes for the Company therefore, were directly variable with Honda's car production volumes.

A FAIR REVIEW OF THE BUSINESS

The Company reported total production for the year ended 31 March 2021 of 70,791 units (2020: 95,312 units). This resulted in turnover of £53.4 million (2020: £71.2 million).

At the beginning of the year, Honda issued a volume forecast of 92,413 units for the year ended March 2021 (2020: 111,732 units). By the year-end, Honda produced an actual build of 70,791 units (2020: 95,312), a decrease against its initial volume forecast. Daily production averages 373 units during this year (2020: 429). The Company reduced and consolidated Manpower throughout the period to maximise line efficiency. The Company also utilised flexible working (working time accounts) to balance operation hours and to accommodate model mix fluctuation. Additionally, the impact of COVID-19 lockdowns reduced volume by approximately 21,000 units. Gross margin for the year ended 31 March 2021 was 0.5% (2020: -6.29%).

The Company has been chosen by Jaguar Land Rover to produce a seat structure. All R&D and Tooling activities will be arranged through TS Tech UK Ltd with production at the TS Tech Hungary Kft plant. Production is due to commence at the Hungary plant in July 2022.

In February 2019, Honda issued a statement advising of its proposal to cease its manufacturing operation in Swindon. In June 2019, Honda confirmed its intention giving a closing date of 31 July 2021 for its principal activity. The company made a decision not to explore new business and to close. Restructuring provision at March 2021 is £15,386,618 (2020: £17,182,000)

In these circumstances, it is not appropriate to prepare the company's financial statements on a going concern basis.

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENT

The Company ceased trading with Honda of the UK Manufacturing & subsidiaries in September 2021 and will be focused on decommissioning all sites ready for liquidation. Continuing trading/income will occur to March 2022 from the JLR account and resulting asset sales due to the company's closure.

All land & buildings have been sold post year end. Completions took place in September 2021 & February 2022.

On the 28th January 2022, the company made a capital reduction payment to TS Tech Co., Ltd for £11,900,000. (2020: £nil). This reduces the Company's Issued Ordinary share capital from £12,000,000 to £100,000 by cancelling and extinguishing 11,900,000 ordinary shares of £1.00 each. Implementation of the capital reduction was due to the fact the Company had sufficient cash within the balance sheet.

Strategic report (continued)

KEY PERFORMANCE INDICATORS

Production and performance management systems provide reliable production data, which make it possible to monitor and analyse all process channels on an ongoing basis. Equipment uptime and production performance is closely monitored in real time and the quality of manufactured parts is verified at various stages throughout the production system and process.

Key performance indicators relating to quality, productivity and equipment availability are used to measure the Overall Equipment Effectiveness (OEE). This reflects the level of production performance taking into account any losses that arise within the system. Where production losses have occurred, measures are introduced to offset them. OEE is considered the basis for evaluation of overall performance. The OEE target is 92% (2020: 92%).

The average OEE for the 12-month period ended 31 March 2021 was 82.5%, 9.5% below the target, mostly due to availability of staff during the COVID-19 pandemic, having an adverse effect on productivity (2020: 77.0%).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has exposures to a variety of risks, which are managed with the purpose of minimising any potential adverse effect on the company's performance.

COVID-19 RISK / BUSINESS INTERRUPTION

The World Health Organization (WHO) declared COVID-19 a Public Health Emergency of International Concern in January 2020 and, subsequently, a pandemic in March 2020. The spread of COVID-19 has adversely affected the company's business and operating results. Production halted in March 2020 based on Honda's decision to suspend production. This was due to the concern for employee safety as well as restrictions on employees' commute to the workplaces and delays in the supply of parts within the supply chain. The company has put in place countermeasures to minimise the adverse impact on the company's business and operating results. Production restarted in June 2020 and continued through subsequent national lockdowns with sporadic disruptions due to pauses in production:

CASH AND CREDIT RISK

The principal activity of the outputs of the Company are currently supplied to Honda and its service and research and development organisations. The relationship forged between Honda and the Company is based on the business association successfully used around the world by the parent companies, Honda Motor Company Limited, Japan, and TS Tech Co., Ltd, Japan.

The risk of non-payment from Honda is not considered a significant risk due to the long-standing relationship with Honda.

LIQUIDITY RISK

The Company actively manages its cash and debt finance to ensure that it has sufficient funds.

MANAGEMENT OF OPERATIONAL RISK

The Company purchases raw materials, components, and parts from both local and foreign regions and relies on key suppliers (most within the TS Tech Group) for these items used in the manufacture of its product. The Company's ability to continue to obtain these supplies in an efficient and cost-effective manner is subject to various factors, some of which are not within the Company's control. Loss of a key supplier, for example, may affect production and increase cost.

The Company's operations may be subject to wars, terrorism, multinational conflicts, natural disasters, epidemics and other events beyond our control which may affect or disrupt local operations in the affected regions, including the purchase of raw materials, components and parts. To mitigate risks, the company liaised with related parties to continue operations, normally, air freighting of parts.

LEGAL RISK RELATING TO SHUTTING OF BUSINESS

Legal and commercial consultants have been retained to ensure compliance through the redundancy and closure process.

Strategic report (continued)

RETENTION AND ENGAGEMENT OF STAFF

The Company underwent a collective consultation process where management worked alongside the workforce and Unite the union to deliver agreed terms that retained and engaged our workforce into successfully completing the delivery and quality of our product to our customer.

CYBER SECURITY AND GENERAL DATA PROTECTION REGULATION

The Company has a suite of tools to protect our critical systems in line with a modern age of potential cyber-attacks. The company as an organisation has an emergency response plan that covers off site security. Our organisation is required to have an information officer and are both registered and compliant with ICO's recommendations and guidelines. We have developed in line with an external training provider, online courses for both cyber-attacks and GDPR which provide training to the Company's workforce.

EXCHANGE RATE RISK

The Company has requirements for both US Dollar and Euro currencies for the purchase of raw materials from the Far East and Europe. The risk to profitability is addressed through a bi-annual adjustment to selling prices to reflect currency movements.

CORPORATE AND SOCIAL RESPONSIBILITY

The directors of the Company take their responsibilities for environmental matters, Company employees and social, community and human rights issues seriously. A variety of initiatives and measures have been introduced during the period such as improvements to the control of lighting systems within the production area, reduction in waste landfill and donations to various charities.

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term
- interests of the company's employees
- need to foster the company's business relationships with suppliers, customers and others
- impact of the company's operations on the community and environment
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

We delegate authority for day-to-day management of the Company to senior management in setting, approving and overseeing execution of the business strategy and related policies. We review matters relating to financial and operational performance; business strategy; key risks; stakeholder-related matters; health and safety; diversity and inclusivity; environmental matters; governance; compliance; legal and regulatory matters over the course of the financial year. This is done through regular meetings and dialogue with senior management, the consideration of reports which are sent in advance of each Board meeting and through presentations to the Board.

Strategic report (continued)

SECTION 172(1) STATEMENT (CONTINUED)

The Company's key stakeholders are its colleagues, customers, suppliers, and the local communities in which it operates. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and TS TECH Group means that generally our stakeholder engagement best takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on the some of the engagements that takes place with the Company's stakeholders to encourage the directors to understand the issues to which they must have regard please see the TS Tech Co. Ltd. 2021 Annual Report (<https://www.tstech.co.jp/english/>).

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports on our financial and operational performance, pension and investment matters, non-financial KPIs, risk, health and safety matters. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the company.

Examples of how we have had regard to the matters set out in section 172(1)(a) - (f) when discharging our section 172 duty and the effect of that on decisions taken by us are set out below.

Board activity	Board Consideration
Financial and operational performance	<p>Following the proposal in December 2019 to cease operations in the UK, in line with our customer, Honda's closure at the end of July 2021, we entered into consultation with employee representatives and Unite the Union and have concluded that closure of TSUK was the only viable option, as announced to the Tokyo Stock Exchange on 31st July 2020, and a redundancy package was agreed.</p> <p>Wind down planning is now underway, with a view to liquidate the company.</p>
Legal and regulatory matters	Legal and commercial consultants have been retained to ensure compliance through the redundancy and closure process.
Wider stakeholder engagement	<p>Discussions are ongoing with our parent company regarding data retention and the transfer of ongoing obligations to the customer to other group companies.</p> <p>All customers and suppliers have been informed of the decision.</p> <p>The decision to close the company means redundancies are unavoidable. As many of our associates live in the Swindon area, this will have a negative impact on the local community. As part of the closure process, we have appointed an asset disposal agent to sell off the main equipment, with some items being sold to associates. Any remaining items will be segregated and disposed of via a waste & recycling management company.</p>
Service Delivery	<p>As part of the collective consultation process with employee representatives and Unite the Union, we have agreed to make periodic performance related payments to employees based on quality and delivery target achievement.</p> <p>Our customer Honda advised that they would cease production at the end of day shift on 18th March 2020, followed by the government decision to request the majority of the UK population to stay at home.</p> <p>This resulted in TSUK being unable to trade. Having introduced a number of measures in the plant to safeguard against the transmission of COVID 19, we were able to successfully resume operations on 15th June in line with Honda. This also necessitated close communication with suppliers to ensure parts availability.</p>

Strategic report (continued)

BREXIT

The Company could be adversely affected by the impact of the current macroeconomic and political environment on key suppliers and customer groups.

In December 2020, a post Brexit trade deal was agreed with the EU. During this transition period, the company has experienced supply chain issues, especially vessel delays which has led to an increase in freight costs. To mitigate any delays in the supply of raw materials, air freight was used. This has also coincided with the effects of the COVID-19 pandemic. No impact in retaining employees as redundancy package was in place.

Focus remained in terms of complying fully with all rules and regulations.

The company communicated government advice to inform and support all employees who were affected by the Brexit impact.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'R Kanamori' in a stylized, cursive script.

R Kanamori
Director

Date: 28/03/2022

TS Tech UK Ltd

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 March 2021.

The following disclosures required by s416 (4) have been elevated to the Strategic report:

- Future developments
- Research and development
- Engagement with suppliers, customers and others
- Credit risk
- Cash flow risk
- Liquidity risk
- Post balance sheet events

DIRECTORS

The directors who served during the year and subsequently, unless stated otherwise, are shown below:

R Kanamori

E Toba (appointed 1st Apr 2020)

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

GOING CONCERN

On 6 December 2019, the Company announced its proposal to close the plant following the end of Honda production in July 2021. At time of signing, trading has ceased with Honda, with final trading taking place in September 2021, and the future plans are to liquidate the company. Continuing trading/income will occur to March 2022 from the JLR account and resulting asset sales due to the company's closure.

In these circumstances, it is not appropriate to prepare the financial statements on a going concern basis. As the company plans to continue trading for a period of time and realise its assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior year. However, these plans have led to provisions for certain redundancy costs being recognised during the last year.

Therefore, the annual financial statements have been prepared on a basis other than going concern. For further details see note 2 in the financial statements.

DIVIDENDS

On the 25th September 2020, the company made an interim dividend payment to TS Tech Co., Ltd for £7,500,000. (2020: £nil).

On the 28th January 2022, the company made a capital reduction payment to TS Tech Co., Ltd for £11,900,000. (2020: £nil). This reduces the Company's Issued Ordinary share capital from £12,000,000 to £100,000 by cancelling and extinguishing 11,900,000 ordinary shares of £1.00 each. Implementation of the capital reduction was due to the fact the Company had sufficient cash within the balance sheet.

No further dividends to be declared or paid before signing.

Directors' report (continued)

ENGAGEMENT WITH EMPLOYEES

We have continued to focus on ensuring that our policies are simple, helpful, and trusted, so that our colleagues are able to source the information they need quickly and easily.

Over the last year we have continued to work with the TS TECH's trade union in the UK, Unite the Union, to improve our policies so that they address the needs of all our colleagues. Our equal opportunities, diversity and inclusion policies support managers and colleagues in creating a diverse and inclusive culture where everyone is welcome. Our policies demonstrate our commitment to providing equal opportunities to all colleagues, irrespective of age, disability (including colleagues who may have become disabled during service), gender, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation

After the Honda announcement in 2019, we engaged with a consultant to help us understand and look at restructuring the company. The main focus throughout the initial 6 months of working with the consultant was the workforce. We entered into collective consultation and consulted with both the unionised and non-unionised associates. Through this process we kept them informed through weekly meetings and we developed a very strong relationship with members of the committee. The primary focus was to engage with our workforce and to keep them updated with the latest stance of the company.

FINANCIAL RISK MANAGEMENT

Through extensive forecasting and budgeting, the directors are confident the company can meet its liabilities and discharge of all assets. Key financial risks include cash flow risk, credit risk and liquidity risk. These areas are discussed in the strategic report.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

TS Tech UK Ltd

Directors' report (continued)

AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Due to the decision to liquidate the Company no further statutory audits are required for future periods. Therefore, Deloitte LLP will not be reappointed as the Company's auditor.

Approved by the Board of Directors and signed on behalf of the Board.



R Kanamori
Director

Date: 28/03/2022

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK 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 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

Independent auditor's report to the members of TS Tech UK Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of TS Tech UK Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. 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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of TS Tech UK Ltd (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Due to the planned cessation of trade with Honda in July 2021 a provision was been recorded by management for the anticipated decommissioning costs. We identified a fraud risk around the treatment of this provision due to the high levels of judgement and estimation uncertainty surrounding the balance. To address this risk, we performed detailed testing on the balance recorded agreeing a sample of items back to supporting third party evidence. To assess completeness, we consulted with our restructuring team to understand the costs expected to be incurred.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of TS Tech UK Ltd (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion: adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.



**Michelle Hopton (Senior statutory auditor)
for and on behalf of Deloitte LLP**

Statutory Auditor
Bristol, United Kingdom

Date: 28 March 2022

TS Tech UK Ltd

Profit and loss account

For the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	53,391,402	71,181,732
Cost of sales		(53,121,178)	(75,660,961)
Gross profit/(loss)		<u>270,224</u>	<u>(4,479,229)</u>
Distribution costs		(849,708)	(917,710)
Administrative expenses		(8,544,462)	(13,716,636)
Operating loss		<u>(9,123,946)</u>	<u>(19,113,575)</u>
Other income	8	1,439,485	-
Interest receivable and similar income	9	14,989	25,877
Interest payable and similar expenses		(2,821)	(7,996)
Loss before taxation		<u>(7,672,293)</u>	<u>(19,095,694)</u>
Tax on loss	10	2,470,130	596,941
Loss for the financial year attributable to owners of the Company	5	<u>(5,202,163)</u>	<u>(18,498,753)</u>

Turnover and operating loss are all derived from operating activity and there is no other comprehensive income or expenses for the current or preceding financial periods other than the profits/(losses) shown above. Discontinued operations of the principal activity occurred in July 2021. Accordingly, no separate statement of other comprehensive income is presented.

TS Tech UK Ltd

Balance sheet

As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	336,050	1,322,426
Tangible assets	13	7,900,139	8,216,989
		<u>8,236,189</u>	<u>9,539,415</u>
Current assets			
Stocks	14	6,172,162	6,592,651
Debtors	15	11,036,361	7,904,318
Deferred Tax	19	2,090,130	-
Cash at bank and in hand		21,693,060	36,996,425
		<u>40,991,713</u>	<u>51,493,394</u>
Creditors: amounts falling due within one year	16	(14,101,654)	(14,140,608)
Net current assets		<u>26,890,059</u>	<u>37,352,786</u>
Total assets less current liabilities		35,126,248	46,892,201
Creditors: amounts falling due after more than one year	17	-	(21,631)
Provisions for liabilities	23	(18,140,618)	(17,182,777)
Net assets		<u>16,985,630</u>	<u>29,687,793</u>
Capital and reserves			
Called-up share capital	20	12,000,000	12,000,000
Profit and loss account		4,985,630	17,687,793
		<u>16,985,630</u>	<u>29,687,793</u>

The financial statements of TS Tech UK Ltd (registered number 03720346) were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors by:

合不能 -

R Kanamori
Director

TS Tech UK Ltd

Statement of changes in equity

For the year ended 31 March 2021

		Share capital £	Profit and loss account £	Total £
Balance at 1 April 2019		12,000,000	36,186,546	48,186,546
Total comprehensive loss for the year		-	(18,498,753)	(18,498,753)
Balance at 31 March 2020		12,000,000	17,687,793	29,687,793
Total comprehensive loss for the year		-	(5,202,163)	(5,202,163)
Interim dividend paid	11	-	(7,500,000)	(7,500,000)
Balance at 31 March 2021		12,000,000	4,985,630	16,985,630

TS Tech UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

1. GENERAL INFORMATION

TS Tech UK Ltd (the Company) is a private company limited by shares, registered in England and Wales, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial period runs for the 52 weeks to 31 March 2021 (2020: 52 weeks ended 31 March 2020)

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the amendments to FRS 101 issued by the FRC in July 2016 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2016 that are effective for accounting periods beginning on or after 1 January 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of TS Tech Co. Limited. The group financial statements of TS Tech Co. Limited can be obtained from 6 St Andrew Street, 5th Floor, London, EC4A 3AE.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below:

Other than going concern basis

On 6 December 2019, the Company announced its proposal to close the plant following the end of Honda production in July 2021. At time of signing, trading has ceased with Honda, with final trading taking place in September 2021, and the future plans are to liquidate the company. Continuing trading/income will occur to March 2022 from the JLR account and resulting asset sales due to the company's closure.

In these circumstances, it is not appropriate to prepare the financial statements on a going concern basis. As the company plans to continue trading for a period of time and realise its assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior year. However, these plans have led to provisions for certain redundancy costs being recognised during the last year.

Therefore, the annual financial statements have been prepared on a basis other than going concern.

Notes to the financial statements

For the year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of New Financial Reporting Standards

A number of revised standards, including the following are effective for reporting periods beginning on or after 1 January 2020:

- IAS 1 Presentation of Financial Statements ("IAS 1") and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") (Amendment - Definition of Material)
- IFRS 3 Business Combinations ("IFRS 3") (Amendment - Definition of Business)
- Revised Conceptual Framework for Financial Reporting ("Conceptual Framework")
- IFRS 9 and IFRS 7 Financial Instrument: Disclosures ("IFRS 9" and "IFRS 7") (Amendment – Interest Rate Benchmark Reform)

IFRS 16 Leases ("IFRS 16") (Amendment – Covid-19-Related Rent Concessions) is effective for reporting periods beginning on or after 1 June 2020.

IFRS 16

In the prior year, the Company had applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, The Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

In the statements of financial position, lease liabilities are included in Creditors (see notes 16 - 18) and right-of-use assets are included in tangible fixed assets (note 13)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue pertaining to the sale of these products will be recognized when a product and control of the product are transferred to the customer and the performance obligation is deemed satisfied according to the contract with the customer.

Notes to the financial statements

For the year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of goods

In conjunction with the application of IFRS 15, the Company recognizes revenue, except for interest, based on the following five-step approach.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

Operating loss

Operating loss is stated after charging distribution costs and administrative expenses but before finance income and costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

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

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if

Notes to the financial statements

For the year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred

tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses. Cost includes the original purchase price of the assets and costs attributable to bringing the asset to its working condition for its intended use.

Following the decision to cease trading from 31st July 2021 the useful economic life of all tangible fixed assets was reassessed to be the earlier of the historic date per depreciation policy and 31st July 2021. The tangible fixed assets are depreciated at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Gains and losses on disposals of assets are calculated as the difference between the proceeds received and the carrying value of the asset at the time of disposal and are recognised in the profit and loss account.

Impairment reviews of tangible fixed assets are undertaken whenever events or changes in circumstances indicate their carrying value may not be recoverable. If the fair value of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate, but restricted so that the increased amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. Any impairment losses or reversals are recognised immediately as a profit or loss.

Intangible assets

Intangible assets acquired separately

The Company pays for a share of research and development costs incurred by the TS Tech Group in the design of seats for the new Honda car models and in the development of the manufacturing processes for these new products. These costs are capitalised when incurred and are amortised on a straight-line basis over the expected remaining production life of the relevant car model. The amortisation is charged to the profit and loss account. Software is amortised on a straight-line basis over 3 years.

Following the decision to cease trading from 31st July 2021 the useful economic life of all intangible fixed assets was reassessed to be the earlier of the historic date per depreciation policy and 31st July 2021.

Notes to the financial statements

For the year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

If there is a change in operating conditions which may impact the expected model life, an impairment assessment is performed and any necessary adjustments to the carrying value of the affected intangible assets will be made.

Development costs have been capitalised in accordance with IAS 38 *Intangible Assets* and are therefore not treated, for dividend purposes, as a realised loss.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

Financial assets are classified as debt instruments at amortised cost; debt instruments at fair value through other comprehensive income ("FVOCI"); financial assets at fair value through profit and loss ("FVTPL"); or as equity instruments designated at FVOCI, as appropriate. Financial assets include cash at bank and in hand, trade and other receivables, and derivative financial instruments. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. For financial assets at FVTPL, transaction costs are immediately recognised in the profit and loss account.

Financial assets measured at amortized cost

The Company classifies the financial assets that it holds as those measured at amortized cost if it meets both of the following conditions:

Notes to the financial statements

For the year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets measured at amortized cost are measured using the effective interest method less any impairment loss, as necessary. Amortization using the effective interest method and any gains or losses due to derecognition are recognized in net profit or loss for the period.

Financial assets measured at fair value through net profit or loss

The Company classifies financial assets other than those measured at amortized cost as financial assets measured at fair value through net profit or loss. Derivative assets fall under the Company's financial assets measured at fair value through net profit or loss. After initial recognition, such financial assets are measured at fair value, and fair value changes are recognized in net profit or loss. Any gains or losses relating to the financial asset measured at fair value through net profit or loss are recognized in net profit or loss.

Impairment of financial assets

With regard to impairment loss on financial assets, including financial assets measured at amortized cost, the Company recognizes an allowance for doubtful accounts for the expected credit loss associated with the financial asset. On each reporting date, the Company assesses whether the credit risk associated with the financial instrument has increased significantly since initial recognition.

If the credit risk has not increased significantly since initial recognition, the Company recognizes an amount equivalent to a 12-month expected credit loss as allowance for doubtful accounts. If the credit risk has increased significantly since the initial recognition, the Company recognizes an amount equal to the lifetime expected credit loss as allowance for doubtful accounts. However, for trade receivables, the Company recognizes the amount equal to the lifetime expected credit loss as allowance for doubtful accounts.

The expected credit loss of financial instruments is estimated using a method that reflects the following factors:

- (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions that is available without undue cost or effort at the reporting date.

The amounts associated with such measurements are recognized in net profit or loss.

If, after the recognition of an impairment loss, an event occurs which could reduce the amount of the impairment loss, the decrease in impairment loss is reversed and recognized in net profit or loss.

Financial liabilities

Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest method, at fair value through profit and loss (FVTPL).

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL.

Financial liabilities at FVTPL are measured at fair value with any gains or losses arising on changes in fair value recognised in the Company Statement of Profit and Loss (except for those attributable to changes in the credit risk of the liability, which is instead recorded in Other Comprehensive Income). Amounts recognised in Other Comprehensive Income are not subsequently reclassified to the Company Statement of Profit and Loss but are instead transferred to retained earnings upon derecognition of the financial liability.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk using foreign exchange forward contracts.

Notes to the financial statements

For the year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Deferred income

Funds are received from Honda of the UK Manufacturing Limited to purchase tooling. The cash is recognised as deferred income until the assets are purchased. The Company will recognise revenue and cost at the point when ownership of the tooling passes from the company to Honda upon completion of all payments received from Honda.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Contingent liabilities

In line with IAS 37, a contingent liability will be disclosed when the Company has a possible obligation depending on whether some uncertain future event occurs or a present obligation, but payment is not probable, or the amount cannot be measured reliably.

Government Grants

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays.

Of the offered schemes, the Company has taken advantage of the Coronavirus Job Retention Scheme as shown in Note 8. Grants relating to expenditure on wages and salaries are credited to 'other income' within the Statement of Profit and Loss account. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received.

The company also deferred the VAT payment from the first lockdown, this was repaid within the government timeframe.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the financial statements

For the year ended 31 March 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following is the critical judgement that the directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

Land and Building Impairment

Determining whether the Company's land and building has been impaired requires estimations of the fair value. At the reporting date it was noted that there were indicators that the impairment previously recognised against the building in the year ended 31st March 2019 had decreased. The recoverable amount of the asset was therefore re-assessed in line with IAS 36.

The fair value and carrying amount of the building at the balance sheet date was £4,858,763 (2020: £3,447,470) and £3,075,669 (2020: £3,233,294) respectively. In the year ended 31st March 2019 an impairment of £4,662,443 was recognised and therefore a partial impairment reversal of £1,783,094 has been recognised.

No impairment was recognised for land in current year considering that its fair value of £4,241,237 (2020: 3,010,000) is higher than its carrying value of £2,422,411 (2020: 2,422,411).

Decommissioning Provision

A decommissioning provision has been valued to March 2021 totalling £2,754,000. Determining the value of the provision requires estimation of the future costs. Amount was derived from best estimates of the costs required to be incurred to have all premises ready for resale.

4. TURNOVER

An analysis of the Company's turnover by class of business is set out below:

	2021 £	2020 £
Car seats	53,352,759	71,149,939
Recycled waste	38,643	31,793
	<u>53,391,402</u>	<u>71,181,732</u>

All turnover derives from the UK.

TS Tech UK Ltd

Notes to the financial statements

5. LOSS FOR THE FINANCIAL YEAR

Loss for the year has been arrived at after charging:

	2021 £	2020 £
Net foreign exchange losses	237,702	129,063
Depreciation of tangible fixed assets	2,308,278	2,399,687
Amortisation of intangible fixed assets	986,376	924,527
Write-downs of stock recognised as an expense	38,215	88,764
Cost of stock recognised as an expense	33,250,561	45,345,094
Staff costs (see note 7)	13,952,649	15,452,550
Provisions (see note 23)	2,754,000	17,182,777
IFRS16 lease liability interest expense	2,820	7,996

Amortisation is charged to administrative expenses in the profit and loss account.

Refer to Note 23 for Provisions.

6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £116,000 (2020: £126,680).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company were £360,514 (2020: £429,854).

Tax compliance fees were £13,300 (2020: £13,800), tax advisory fees were £22,304 (2020: £65,305).

7. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	2021 Number	2020 Number
Production	358	383
Administration	84	90
	<u>442</u>	<u>473</u>

	2021 £	2020 £
Aggregate remuneration comprised:		
Wages and salaries	12,478,307	13,967,865
Social security costs	1,124,028	1,094,057
Other pension costs (see note 21)	350,314	390,628
	<u>13,952,649</u>	<u>15,452,550</u>

The Company applied for the furlough government grant (CJRS) during the first lockdown of the COVID-19 pandemic. See note 8.

TS Tech UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

7. STAFF COSTS (continued)

The directors' remuneration, analysed under the headings required by Company Law is set out below:

	2021 £	2020 £
Directors' remunerations		
Emoluments	175,544	182,754
Company contributions to money purchase pension schemes	-	-
	<u>175,544</u>	<u>182,754</u>
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	-	-
Were remunerated during the year	<u>1</u>	<u>1</u>
	£	£
Remuneration of the highest paid director:		
Emoluments	<u>175,544</u>	<u>182,754</u>

The highest paid director did not exercise any share options in either year and had no shares receivable under long-term incentive schemes.

8. OTHER INCOME

	2021 £	2020 £
Furlough Government Grant - CJRS	1,439,485	-
	<u>1,439,485</u>	<u>-</u>

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	2020 £
Bank deposits	14,989	20,428
Interest Income	-	5,449
	<u>14,989</u>	<u>25,877</u>

TS Tech UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

10. TAX ON LOSS

	2021 £	2020 £
Current tax:		
UK corporation tax	(380,000)	-
Adjustments in respect of prior years – UK corporation tax	-	(229,636)
Total current tax	<u>(380,000)</u>	<u>(229,636)</u>
Deferred tax (note 19):		
Current year	(2,090,130)	(410,518)
Effect of changes in tax rates	-	43,213
Total deferred tax	<u>(2,090,130)</u>	<u>(367,305)</u>
	<u>(2,470,130)</u>	<u>(596,941)</u>

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year.

The credit for the year can be reconciled to the profit in the profit and loss account as follows:

Loss before tax	<u>(7,672,293)</u>	<u>(19,095,694)</u>
	£	£
Tax at the UK corporation tax rate of 19% (2020 19%)	(1,457,736)	(3,628,182)
Effects of:		
Adjustment in respect of prior years	-	(229,636)
Expenses not deductible	663,476	80,286
Tax rate changes	-	43,213
Effects of group relief / other reliefs	-	229,637
Industrial buildings change in use	(20,000)	(722,661)
Non-deductible restructuring provision	(163,266)	1,464,557
Non-deductible impairment reversal	(338,786)	-
Deferred tax asset previously not recognised	(1,153,818)	2,165,845
	<u>(2,470,130)</u>	<u>(596,941)</u>

The standard rate of tax applied to reported loss is 19% (2020: 19%). In the March 2021 Budget, the UK Government announced that legislation will be introduced in the Finance Bill 2021 to increase the main rate of UK Corporation Tax from 19% to 25%, effective from 1 April 2023. The new legislation was substantively enacted in May 2021 and was fully enacted on 10 June 2021. As the changes had not been substantively enacted at the balance sheet date, the deferred tax balance as at 31 March 2021 has been measured at a rate of 19%.

TS Tech UK Ltd

Notes to the financial statements

For the year ended 31 March 2021

11. DIVIDENDS

On the 25th September 2020, the company made an interim dividend payment to TS Tech Co., Ltd for £7,500,000. This dividend payment was declared and paid post year end and has not been reflected in the balance sheet (2020: £nil).

On the 28th January 2022, the company made a capital reduction payment to TS Tech Co., Ltd for £11,900,000. (2020: £nil). This reduces the Company's Issued Ordinary share capital from £12,000,000 to £100,000 by cancelling and extinguishing 11,900,000 ordinary shares of £1.00 each. Implementation of the capital reduction was due to the fact the Company had sufficient cash within the balance sheet.

12. INTANGIBLE ASSETS

	Development costs £	Software £	Total £
Cost			
At 1 April 2020	4,286,842	792,957	5,079,799
At 31 March 2021	4,286,842	792,957	5,079,799
Amortisation			
At 1 April 2020	2,990,437	766,936	3,757,373
Charge for the year	972,303	14,073	986,376
At 31 March 2021	3,962,740	781,009	4,743,749
Carrying amount			
At 31 March 2021	324,102	11,948	336,050
At 31 March 2020	1,296,405	26,021	1,322,426

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For the year ended 31 March 2021

13. TANGIBLE FIXED ASSETS

	Assets under construction £	Freehold land and buildings £	Plant and machinery £	Right of use asset £	Total £
Cost					
At 1 April 2020	-	9,965,078	18,939,307	1,434,112	30,338,497
Additions	15,000	-	-	193,333	208,333
Impairment Reversal	-	1,783,094	-	-	1,783,094
Transfers	(15,000)	-	15,000	-	-
Disposals	-	-	(543,573)	-	(543,573)
At 31 March 2021	-	11,748,172	18,410,734	1,627,445	31,786,351
Accumulated depreciation					
At 1 April 2020	-	4,309,373	17,076,331	735,804	22,121,508
Charge for the year	-	157,625	1,473,977	676,676	2,308,278
Disposals	-	-	(543,574)	-	(543,574)
At 31 March 2021	-	4,466,998	18,006,734	1,412,480	23,886,212
Carrying amount					
At 31 March 2021	-	7,281,174	404,000	214,965	7,900,139
At 31 March 2020	-	5,655,705	1,862,976	698,308	8,216,989

At the reporting date it was noted that there were indicators that the impairment previously recognised against the building in the year ended 31st March 2019 had decreased. The recoverable amount of the asset was therefore re-assessed in line with IAS 36, and this led to an impairment reversal of £1,783,094 (PY: nil).

RIGHT OF USE ASSETS

	Freehold land and buildings £	Plant and machinery £	Total £
Balance at 1 April 2020	574,591	123,717	698,308
Additions for the year	193,333	-	193,333
Depreciation for the year	(574,591)	(102,085)	(676,676)
At 31 March 2021	193,333	21,632	214,965

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For the year ended 31 March 2021

14. STOCKS

	2021 £	2020 £
Raw materials and goods in transit	5,709,590	6,158,159
Finished goods	462,572	434,492
	<u>6,172,162</u>	<u>6,592,651</u>

15. DEBTORS

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	9,005,717	5,858,627
Amounts owed by group undertakings	55,211	222,693
Other debtors	641,190	852,255
Corporation tax receivable	649,234	284,058
Prepayments and accrued income	685,009	654,203
	<u>11,036,361</u>	<u>7,871,836</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	-	32,482
	<u>11,036,361</u>	<u>7,904,318</u>

Amounts owed by group undertakings relate to unsecured non-interest bearing intercompany debtors balances that are settled under normal business terms and conditions in the course of normal trading activities.

16. CREDITORS

	2021 £	2020 £
Amounts falling due within one year:		
Trade creditors	3,758,685	2,881,113
Amounts owed to group undertakings	6,287,461	5,993,658
Deferred income	1,040,007	1,180,703
VAT	349,969	330,393
Social Security	277,230	286,213
Other creditors	2,173,337	2,789,264
IFRS 16 lease liability (settled within 12 months)	214,965	679,264
	<u>14,101,654</u>	<u>14,140,608</u>

Amounts owed to group undertakings relate to unsecured non-interest bearing intercompany creditors balances that are settled under normal business terms and conditions in the course of normal trading activities.

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17. NON CURRENT CREDITORS

	2021 £	2020 £
Amounts falling due after one year:		
IFRS 16 non current lease liability	-	21,631
	<u>-</u>	<u>21,631</u>
	<u>-</u>	<u>21,631</u>

18. LEASE LIABILITIES

	Freehold land and buildings £	Plant and machinery £	Total £
Not later than one year	193,333	21,631	214,964
	<u>193,333</u>	<u>21,631</u>	<u>214,964</u>
Lease Liabilities	<u>193,333</u>	<u>21,631</u>	<u>214,964</u>
Current	193,333	21,631	214,964
	<u>193,333</u>	<u>21,631</u>	<u>214,964</u>

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For the year ended 31 March 2021

19. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £	Deferred chargeable gains £	Other trading items £	Total £
At 31 March 2019	367,875	17,275	(17,845)	367,305
Charged to profit or loss	(387,182)	2,032	17,845	(367,305)
At 31 March 2020	(19,307)	19,307	-	-
Charged to profit or loss	(399,853)	-	(1,690,277)	(2,090,130)
At 31 March 2021	(419,160)	19,307	(1,690,277)	(2,090,130)

Deferred tax assets and liabilities are off-set where the Company has a legally enforceable right to do so.

A deferred tax asset has been recognised on the grounds that there is sufficient evidence of the Honda of the UK Manufacturing's compensation that the asset will be recoverable due to future profits (see note 10).

20. SHARE CAPITAL

	2021 £	2020 £
Issued and fully paid:		
12,000,000 Ordinary shares of £1 each	12,000,000	12,000,000

The Company has one class of ordinary shares which carry no right to fixed income.

21. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees.

The total cost charged to income of £350,313 (2020: £390,628) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 March 2021, contributions of £61,842 (2020: £73,171) due in respect of the current reporting period had not been paid over to the schemes and are included in accruals.

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For the year ended 31 March 2021

22. FINANCIAL COMMITMENTS

	2021 £	2020 £
Contracted for but not provided for – tangible fixed assets	-	15,000

23. PROVISIONS

	2021 £	2020 £
Restructuring provision	15,386,618	17,182,777
Decommissioning provision	2,754,000	-
	<u>18,140,618</u>	<u>17,182,777</u>

	Restructuring provision £	Decommissioning provision £	Total £
At 1 April 2020	17,182,777	-	17,182,777
Additional provision in the year	-	2,754,000	2,754,000
Utilisation of provision	(1,796,159)	-	(1,796,159)
At 31 March 2021	<u>15,386,618</u>	<u>2,754,000</u>	<u>18,140,618</u>

24. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of TS Tech Co. Limited, the Company has taken advantage of the exemption contained in IAS 24 Related Parties from the requirement to disclose related party transactions with other group companies.

The Company supplies parts to Honda of the UK Manufacturing Limited solely for use in cars produced by Honda. In addition, Honda assists the Company with funding for its tooling projects. Honda owns 22.7% of the largest parent undertaking and controlling party, TS Tech Co. Limited. As a result of the trading relationship, £8,486,727 was owed by Honda at the period-end date (31 March 2020: £4,614,817). Sales to Honda during the period amounted to £52,251,733 (31 March 2020: £69,852,564).

25. CONTROLLING PARTY

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is TS Tech Co. Limited, a company incorporated in Japan. The largest and smallest group of which the Company is a member for which group financial statements are drawn up is TS Tech Co. Limited. The registered office of TS Tech Co. Limited is 3-7-27 Sakae-cho, Asaka-shi, Saitama 351-0012, Japan. The TS Tech Co. Ltd. 2020 Annual Report is available at (<https://www.tstech.co.jp/english/>).

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26. POST BALANCE SHEET DATE EVENTS

The Company ceased trading with Honda of the UK Manufacturing & subsidiaries in September. Continuing trading/income will occur to March 2022 from the JLR account and resulting asset sales due to the company's closure. The company will be focused on decommissioning all sites ready for members voluntary liquidation.

The company has received compensation from Honda of the UK Manufacturing.

All land & buildings have been sold post year end. Completions took place in September 2021 & February 2022.

On the 28th January 2022, the company made a capital reduction payment to TS Tech Co., Ltd for £11,900,000. (2020: £nil). This reduces the Company's Issued Ordinary share capital from £12,000,000 to £100,000 by cancelling and extinguishing 11,900,000 ordinary shares of £1.00 each. Implementation of the capital reduction was due to the fact the Company had sufficient cash within the balance sheet.