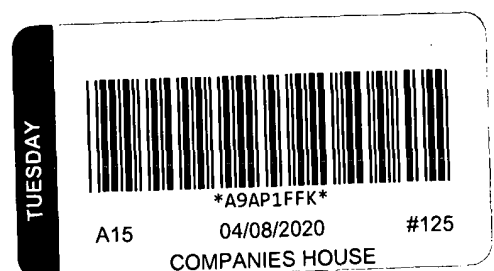


Registered number: 04155600

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020



PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | CR Palin JFJ Nicklin PV Walker GE Letman L Wardall |
| Company secretary | JFJ Nicklin |
| Registered number | 04155600 |
| Registered office | 22 Mariner Lichfield Road Industrial Estate Tamworth Staffordshire B79 7UL |
| Independent auditor | Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG |

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

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| Balance sheet | 7 |
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PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2020

The directors present their report and the financial statements for the year ended 30 April 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Directors

The directors who served during the year were:

CR Palin
JFJ Nicklin
P.V Walker
GE Letman
L Wardall

Going concern

There have been no significant events affecting the Company since the year end. Directors believe there are no material uncertainties that call into doubt the Company's ability to continue as a going concern and the accounts have therefore been prepared on the basis that the Company is a going concern. In light of the current climate in relation to the COVID-19 pandemic the directors have reviewed the Company's finances. In the short term cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. In the medium to long term plans for, and the structure of, Precision Technologies International Limited remain extant and will continue to be reviewed regularly.

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2020**

Disclosure of Information to auditor

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

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

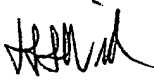
Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27th July 2020 and signed on its behalf.



JFJ Nicklin
Director

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Precision Technologies International Limited (the 'Company') for the year ended 30 April 2020, which comprise the Statement of comprehensive income, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2020 and of its loss 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRECISION TECHNOLOGIES INTERNATIONAL LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PRECISION TECHNOLOGIES INTERNATIONAL LIMITED (CONTINUED)

Responsibilities of directors

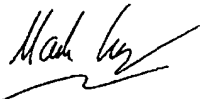
As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.



Mark Evans (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 31 July 2020

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2020

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Turnover | 4,735,033 | 5,661,092 |
| Cost of sales | (3,105,794) | (3,428,483) |
| Gross profit | 1,629,239 | 2,232,609 |
| Administrative expenses | (2,150,393) | (2,495,882) |
| Other operating income | 107,778 | - |
| Other operating charges | - | (35,812) |
| Operating loss | (413,376) | (299,085) |
| Interest receivable and similar income | 51 | 42 |
| Interest payable and expenses | (88,279) | (70,991) |
| Loss before tax | (501,604) | (370,034) |
| Tax on loss | 432,261 | 483,534 |
| (Loss)/profit for the financial year | (69,343) | 113,500 |

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED
REGISTERED NUMBER: 04155600

BALANCE SHEET
AS AT 30 APRIL 2020

| | Note | 2020 £ | 2019 £ |
|---|------|------------------------|------------------------|
| Fixed assets | | | |
| Intangible assets | 4 | 85,536 | 156,244 |
| Tangible assets | 5 | 798,958 | 811,531 |
| | | <u>884,494</u> | <u>967,775</u> |
| Current assets | | | |
| Stocks | | 409,154 | 425,297 |
| Debtors: amounts falling due within one year | 6 | 1,056,899 | 1,311,587 |
| Cash at bank and in hand | | 176,272 | 152,225 |
| | | <u>1,642,325</u> | <u>1,889,109</u> |
| Creditors: amounts falling due within one year | 7 | (2,318,423) | (2,512,635) |
| Net current liabilities | | <u>(676,098)</u> | <u>(623,526)</u> |
| Total assets less current liabilities | | <u>208,396</u> | <u>344,249</u> |
| Creditors: amounts falling due after more than one year | 8 | (208,216) | (286,164) |
| Provisions for liabilities | | | |
| Deferred tax | | (85,224) | (73,786) |
| | | <u>(85,224)</u> | <u>(73,786)</u> |
| Net liabilities | | <u><u>(85,044)</u></u> | <u><u>(15,701)</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 2,040,002 | 2,040,002 |
| Other reserves | | 250,000 | 250,000 |
| Profit and loss account | | (2,375,046) | (2,305,703) |
| | | <u>(85,044)</u> | <u>(15,701)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27th July 2020

JFJ Nicklin
Director



The notes on pages 8 to 14 form part of these financial statements.

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. General information

The company's principal activity continues to be manufacture of precision components for the automotive, motor sport and aerospace industries.

The company is a private company limited by shares and is incorporated in England, registration number 04155600. The address of its registered office is 22 Mariner, Lichfield Road Industrial Estate, Staffordshire, B79 7UL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company is reliant on financial support from its ultimate parent company (Gearing Up Limited). Gearing Up Limited has agreed to provide sufficient financial and other resources to enable the company to continue as a going concern. Gearing Up Limited has secured long term finance from its investors. Therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

In light of the current climate in relation to the COVID-19 pandemic the directors have reviewed the company's finances. In the short term cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. In the medium to long term plans for, and the structure of, Precision Technologies International Limited extant and will continue to be reviewed regularly.

2.3 Revenue

Turnover represents amounts receivable for good and services net of VAT and trade discounts. Sales are recognised in line with agreed sales terms, generally upon dispatch.

2.4 Government grants

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

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.5 Intangible assets

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life which is deemed to be 20 years.

Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Computer software will be written off in equal instalments over its useful economic life which is deemed to be 3 years.

2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | | | |
|------------------------------|---|-----|---------------------|
| Long-term leasehold property | - | 20% | Straight line basis |
| Plant and machinery | - | 15% | Straight line basis |
| Motor vehicles | - | 33% | Straight line basis |
| Fixtures and fittings | - | 33% | Straight line basis |
| Computer equipment | - | 33% | Straight line basis |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Stocks

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

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

2. Accounting policies (continued)

2.8 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. Employees

The average monthly number of employees, including directors, during the year was 76 (2019 - 71).

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

4. Intangible assets

| | Computer software £ | Goodwill £ | Total £ |
|-------------------------------------|---------------------------|------------------|------------------|
| Cost | | | |
| At 1 May 2019 | 148,251 | 6,222,052 | 6,370,303 |
| Additions | 12,344 | - | 12,344 |
| Disposals | (36,163) | - | (36,163) |
| At 30 April 2020 | <u>124,432</u> | <u>6,222,052</u> | <u>6,346,484</u> |
| Amortisation | | | |
| At 1 May 2019 | 89,832 | 6,124,227 | 6,214,059 |
| Charge for the year on owned assets | 34,607 | 48,445 | 83,052 |
| On disposals | (36,163) | - | (36,163) |
| At 30 April 2020 | <u>88,276</u> | <u>6,172,672</u> | <u>6,260,948</u> |
| Net book value | | | |
| At 30 April 2020 | <u>36,156</u> | <u>49,380</u> | <u>85,536</u> |
| At 30 April 2019 | <u>58,419</u> | <u>97,825</u> | <u>156,244</u> |

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

5. Tangible fixed assets

| | Long-term leasehold property £ | Plant and machinery £ | Total £ |
|-------------------------------------|---|-----------------------------|------------------|
| Cost or valuation | | | |
| At 1 May 2019 | 117,783 | 3,301,089 | 3,418,872 |
| Additions | 25,016 | 195,226 | 220,242 |
| Disposals | - | (85,808) | (85,808) |
| At 30 April 2020 | <u>142,799</u> | <u>3,410,507</u> | <u>3,553,306</u> |
| Depreciation | | | |
| At 1 May 2019 | 37,572 | 2,569,769 | 2,607,341 |
| Charge for the year on owned assets | 32,074 | 200,742 | 232,816 |
| Disposals | - | (85,809) | (85,809) |
| At 30 April 2020 | <u>69,646</u> | <u>2,684,702</u> | <u>2,754,348</u> |
| Net book value | | | |
| At 30 April 2020 | <u>73,153</u> | <u>725,805</u> | <u>798,958</u> |
| At 30 April 2019 | <u>80,211</u> | <u>731,320</u> | <u>811,531</u> |

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

| | 2020 £ | 2019 £ |
|---------------------|----------------|----------------|
| Plant and machinery | <u>447,497</u> | <u>516,415</u> |

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

6. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 461,910 | 703,337 |
| Other debtors | 397,580 | 413,096 |
| Prepayments and accrued income | 197,409 | 195,154 |
| | <u>1,056,899</u> | <u>1,311,587</u> |

7. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Invoice discounting creditor | 208,605 | 76,655 |
| Trade creditors | 371,475 | 356,801 |
| Amounts owed to group undertakings | 1,069,471 | 1,265,564 |
| Other taxation and social security | 304,856 | 316,938 |
| Obligations under finance lease and hire purchase contracts | 97,201 | 81,771 |
| Other creditors | 266,815 | 414,906 |
| | <u>2,318,423</u> | <u>2,512,635</u> |

The invoice discounting facility is secured via a charge over the Company's trade debtors.

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

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Net obligations under finance leases and hire purchase contracts | 208,216 | 286,164 |
| | <u>208,216</u> | <u>286,164</u> |

PRECISION TECHNOLOGIES INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

9. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2020 £ | 2019 £ |
|-------------------|----------------|----------------|
| Within one year | 97,201 | 81,771 |
| Between 1-5 years | 208,216 | 286,164 |
| | <u>305,417</u> | <u>367,935</u> |

10. Called up share capital

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Allotted, called up and fully paid 2,040,002 (2019: 2,040,002) Ordinary shares of £1 | <u>2,040,002</u> | <u>2,040,002</u> |

11. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totaling £29,397 (2019 - £17,152) were payable to the fund at the balance sheet date.

12. Related party transactions

The company has taken advantage of the exemption under FRS 102, 33.1A not to disclose related party transactions between wholly owned members of the same group.

13. Controlling party

The company's immediate parent company is Precision Engineering Solutions Limited. The ultimate parent company is Gearing Up Limited. The address of the ultimate parent undertaking is 22 Mariner, Lichfield Road Industrial Estate, Tamworth, Staffordshire, B79 7UL.