

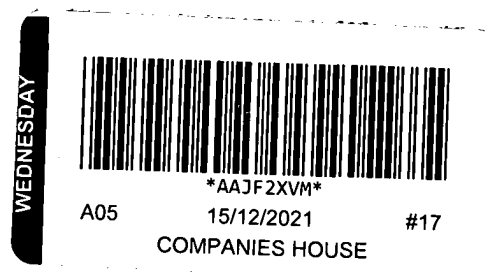
# Technical Fibre Products Limited

Report and consolidated financial statements

For the 52 week period ended

27 March 2021

Company Number 02053047



# Technical Fibre Products Limited

Report and financial statements  
for the 52 week period ended 27 March 2021

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## Directors

M Thompson  
P I Wild  
I M Maddock

## Secretary and registered office

J F Aldridge, Burneside Mills, Burneside, Kendal, LA9 6PZ

## Company number

02053047

## Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT

# Technical Fibre Products Limited

## Strategic report for the 52 week period ended 27 March 2021

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The directors present their strategic report together with the audited financial statements for the 52 week period ended 27 March 2021. The Group has opted to prepare consolidated financial statements for the first time.

### Business review

The results for the Group show a pre-tax profit of £5,908,000 (2020 - £7,162,000) with a reduction in sales to £24,570,000 (2020 - £26,536,000). The results for the Company show a pre-tax profit of £5,041,000 (2020 - £5,656,000) for the year with a reduction in sales to £22,333,000 (2020 - £23,601,000)

The aerospace sector was impacted strongly by the effects of COVID-19. This resulted in an immediate and significant reduction in activity across the aerospace supply chain. Despite the well documented issues that impacted the aerospace sector, the Group is seeing initial signs of recovery. The industry is predicted to make a recovery to previous levels, but this is not going to be immediate and initial forecasts suggest that it could be 2024 before production and passenger traffic returns to pre-COVID levels.

This was offset by strong growth in sales into the fuel cell and wind energy markets. This is driven by the impetus for an increasingly low carbon economy, with legislative changes, energy security and the decreasing costs of hydrogen improving its competitiveness.

Technical Fibre Products Limited acquired 100% of the share capital of PV3 Technologies Limited on 18 January 2021 for a total fair value consideration of £2,588,000 on a debt and cash free basis.

PV3, established in 2011, is based in Launceston, Cornwall, and is a specialist in materials for electrochemical technologies. The company develops and manufactures a range of products which include coated electrodes, high performance catalyst powders for use in fuel cells and electrolysis, as well as water electrolyser materials which improve system efficiency and durability, reducing the cost of green hydrogen. PV3 serves a small number of customers, mainly within the hydrogen sector and is well placed to grow within the hydrogen production market and has existing capacity in place to grow substantially. In addition to having complementary technologies to TFP, PV3 also shares the same emphasis on customer collaboration and product development. On 23 February 2021, the name of the Acquisition was changed from PV3 Technologies Limited to TFP Hydrogen Products Limited.

### Future developments

To support the Group with its anticipated growth, work already started pre COVID19 to deliver an additional nonwoven production line recommenced in the second half of the year. This expansion will constitute a 50% increase in production capacity. It involves the addition of a new manufacturing line, as well as associated infrastructure, including raw materials and finished goods warehousing, in order to support both the additional capacity and future growth. Commissioning is due to commence in summer 2021.

Growth in the renewable energy sector will be further strengthened by the acquisition of TFP Hydrogen Products Limited expanding the Group's portfolio of low carbon, and specifically hydrogen, technologies at a time when this sector is rapidly gathering momentum.

### Principal risks and uncertainties

The Group's operations expose it to a variety of financial, commodity based, operational and wider economic risks which are managed as part of the James Cropper PLC Group's risk management policies and procedures.

These include:

Pandemic risk – may cause a significant health and safety risk to our people, a shortage of labour, supply chain disruptions, increased cyber-attacks and changes in demand for our products. Following experiences of Covid-19, for any continued or new pandemic risk, the Company has developed strong internal controls and procedures that can be deployed.

# Technical Fibre Products Limited

## Strategic report for the 52 week period ended 27 March 2021 (*continued*)

Employee health and safety risk – may result in harm to employees, contractors and property, including lost production time, financial penalties, restitution costs and damaged reputation. The Company is part of an extensive Group wide health and safety programme built around ISO18001 and participates in a number of industry and workplace standard initiatives to manage this risk.

Climate change risk – come in two main forms, transition risks and physical risks:

Transition risks may result in rising taxation and regulation generating additional costs and the risk of the Company becoming non-viable, prior to being able to switch to climate friendly operational practices. The group-wide Long Term Energy Committee has been researching strategic diversification away from gas to alternative sustainable energy solutions, including a 12 month study on concepts for decarbonisation.

Physical risks, such as heatwaves, droughts, water shortages or flooding may result in risks to employee safety, increased input prices, property damage or business interruption. The Group has an extensive environmental programme built around the ISO14001 framework. The Group proactively collaborates with external environmental bodies engaging in improved environmental governance. In the medium term the Technology and Innovation team are investigating the development of circular systems to eliminate waste and reduce water use.

Energy price volatility risk - may result in fluctuation in this key input cost impacting margins and investment decisions. The Company is represented as part of a Group wide gas purchasing committee who seek to secure the forward unit cost of gas in line with future demand.

Exchange rates volatility risk – may impact the Group's financial results as the company trades in euros and dollars, but reports its financial results in sterling. The Group treasury function operates a hedging programme to manage group wide exchange rate risk.

Information security and cyber risk – may result in extended interruption of the Group's IT services causing business disruption or regulatory penalties. The Company is part of a Group wide programme focused on information security to manage this risk.

The extent of these risks is regularly reviewed and assessed by the Directors at Group level. This process is considered to be effective given the way the Company and wider Group entities are operated and managed.

### Key performance indicators (“KPIs”)

The Directors monitor the performance of the Company and the Group by comparing actual monthly and year to date results against budget, quarterly forecast and prior year. In line with Group policy, key performance indicators include sales, earnings and profit before interest and tax, which can be determined from page 10.

### Employee involvement

A monthly briefing on performance is carried out for all employees. All employees have access to a copy of the Group Annual Report. As a matter of policy, plans are formally discussed with those who will use new equipment, plant and computer systems before designs are finalised. Safety improvement teams deal with day-to-day aspects of safety improvements. Departmental personnel meetings allow representatives to make valuable contributions on aspects of training, organisation and performance.

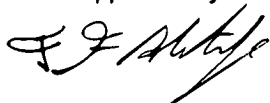
### Employment of disabled people

It is the Company policy to give equality of opportunity when considering applications from disabled people where the job requirements are considered to be within their ability. When existing employees become disabled they are retained wherever reasonable and practicable. The Company tries to provide equal promotion opportunities wherever possible.

### Approval

This strategic report was approved by order of the Board on 1 December 2021

J F Aldridge  
Secretary



# Technical Fibre Products Limited

## Directors' report for the 52 week period ended 27 March 2021

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The directors present their report together with the audited financial statements for the 52 week period ended 27 March 2021.

### Principal activities

The Company is a manufacturer of advanced materials. It is a wholly owned subsidiary of James Cropper Plc.

### Results and dividends

The results are set out on page 10. The directors recommended the payment of a dividend of £5,500,000 in the year (2020 - £6,000,000).

### Post Balance Sheet events

There are no post balance sheet events to be reported

### Directors and their interests

The Directors who held office during the year are given below:

M Thompson  
P I Wild  
I M Maddock

The interests of M Thompson, P I Wild and I M Maddock, who are Directors of the ultimate parent company, James Cropper Plc, are given in the Annual Report of that company.


### Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

### Approval

This Directors' Report was approved by order of the Board on 1 December 2021



J F Aldridge  
Secretary

# Technical Fibre Products Limited

## Directors' responsibilities statement for the 52 week period ended 27 March 2021

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 *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 the Group, and of the profit or loss of the Company and Group 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 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

# Technical Fibre Products Limited

## Independent auditor's report to the members of Technical Fibre Products Limited

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### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 27 March 2021 and of the Group's profit for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Technical Fibre Products Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 27 March 2021 which comprise the Group Statement of Profit and Loss account and Other Comprehensive Income, the Group and Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, 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. 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

# Technical Fibre Products Limited

## Independent auditor's report to the members of Technical Fibre Products Limited (*continued*)

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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.

### **Other Companies Act 2006 reporting**

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 period 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 Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, 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 Group's and the Parent 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 Group or the Parent 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 IGAs (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.

#### *Extent to which the audit was 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.

# Technical Fibre Products Limited

## Independent auditor's report to the members of Technical Fibre Products Limited (continued)

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Based on our understanding and accumulated knowledge of the Group and Parent Company and the sector in which it operates we considered the risks of acts by the Group and Parent Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Group accounting policies, UK GAAP, the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

We determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates, and revenue cut off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the stock provision, the IFRS 9 expected credit loss provision, and the discount rate and forecasted EBITDA used in the purchase price allocation exercise;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. As part of this discussion, we identified potential for fraud in accounting estimates;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Wood (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester, UK  
Date: 10 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Technical Fibre Products Limited

### Group statement of profit and loss account and other comprehensive income for the 52 week period ended 27 March 2021

	Note	2021 £000	2020 £000
Turnover	2	24,570	26,536
Other income		695	150
Changes in stocks of finished goods and work in progress		468	(93)
Raw materials and consumables used		(6,578)	(6,454)
Energy costs		(414)	(457)
Staff costs	5	(6,381)	(6,178)
Depreciation and amortisation	4	(962)	(975)
Exceptional costs	21	(410)	-
Other expenses		(4,506)	(4,776)
		<hr/>	<hr/>
<b>Operating profit</b>	<b>4</b>	<b>6,482</b>	<b>7,753</b>
Interest payable	3	(871)	(934)
Interest receivable	3	297	343
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>5,908</b>	<b>7,162</b>
Taxation	6	(524)	(1,008)
		<hr/>	<hr/>
<b>Profit for the period</b>		<b>5,384</b>	<b>6,154</b>
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
<b>Profit for the period</b>		<b>5,384</b>	<b>6,154</b>
Exchange differences on translation of foreign operations		(81)	181
		<hr/>	<hr/>
<b>Total comprehensive (expense)/income for the period attributable to equity holders of the Group</b>		<b>5,303</b>	<b>6,335</b>
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## Technical Fibre Products Limited

### Group statement of profit and loss account and other comprehensive income for the 52 week period ended 27 March 2021 (*continued*)

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The Company had no other comprehensive income in the current or prior period.

The Company has no recognised gains or losses for the current or prior period other than the profit for the year.

The notes on pages 16 to 40 form part of these financial statements.

# Technical Fibre Products Limited

Balance sheet  
as at 27 March 2021

		Group		Company	
	Note	2021	2020	2021	2020
		£000	£000	£000	£000
<b>Fixed assets</b>					
Goodwill	8	1,264	-	-	-
Intangible assets	9	933	10	-	10
Tangible assets	10	13,984	13,696	11,739	11,057
Right of use assets	11	2,318	2,779	211	271
Investments in subsidiary undertakings	12	-	-	2,589	1
		<u>18,499</u>	<u>16,485</u>	<u>14,539</u>	<u>11,339</u>
<b>Current assets</b>					
Stocks	13	3,729	2,835	3,316	2,516
Trade and other debtors	14	22,454	23,961	23,663	28,018
Cash at bank and in hand		3,981	2,002	642	546
		<u>30,164</u>	<u>28,798</u>	<u>27,621</u>	<u>31,080</u>
<b>Current liabilities</b>					
Trade and other creditors	15	(17,814)	(16,722)	(17,424)	(16,366)
Borrowings	16	(14,776)	(10,770)	(10,493)	(9,858)
Current tax liabilities		(960)	(514)	(973)	(529)
		<u>(33,550)</u>	<u>(28,006)</u>	<u>(28,890)</u>	<u>(26,753)</u>
<b>Net current (liabilities)/assets</b>		<u>(3,386)</u>	<u>792</u>	<u>(1,269)</u>	<u>4,327</u>
<b>Total assets less current liabilities</b>		<u>15,113</u>	<u>17,277</u>	<u>13,270</u>	<u>15,666</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	(1,070)	(717)	(881)	(717)
Borrowings	16	(4,559)	(6,879)	(1,980)	(3,267)
		<u>(5,629)</u>	<u>(7,596)</u>	<u>(2,861)</u>	<u>(3,984)</u>
<b>Total non-current liabilities</b>		<u>(5,629)</u>	<u>(7,596)</u>	<u>(2,861)</u>	<u>(3,984)</u>
<b>Net assets</b>		<u>9,484</u>	<u>9,681</u>	<u>10,409</u>	<u>11,682</u>
<b>Capital and reserves</b>					
Share capital	18	750	750	750	750
Preference share capital	18	2	2	2	2
Share premium		215	215	215	215
Translation Reserve		489	570	-	-
Retained earnings		8,028	8,144	9,442	10,715
		<u>9,484</u>	<u>9,681</u>	<u>10,409</u>	<u>11,682</u>
<b>Shareholders' funds</b>		<u>9,484</u>	<u>9,681</u>	<u>10,409</u>	<u>11,682</u>

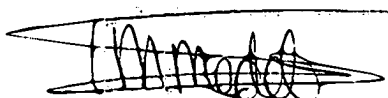
# Technical Fibre Products Limited

Balance sheet  
as at 27 March 2021 (*continued*)

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The Company reported a profit for the period ended 27 March 2021 of £4,227k (2020:£5,656k)

The financial statements were approved by the Board of Directors on 1 December 2021 and were signed on its behalf by:



I Maddock  
Director

The notes on pages 16 to 40 form part of these financial statements.

## Technical Fibre Products Limited

### Statement of changes in equity for the 52 week period ended 27 March 2021 - Group

	Note	Share capital £000	Share premium £000	Translation Reserve £000	Retained earnings £000	Total equity £000
<b>At 30 March 2019</b>		752	215	389	8,511	9,867
Adjustment on initial application of IFRS16		-	-	-	(521)	(521)
<b>As at 31 March 2019</b>		752	215	389	7,990	9,346
Profit for the financial period		-	-	-	6,154	6,154
Exchange differences		-	-	181	-	181
Total other comprehensive income		-	-	181	-	181
Dividends paid	7	-	-	-	(6,000)	(6,000)
Total contributions by and distributions to owners of the group		-	-	-	(6,000)	(6,000)
<b>At 28 March 2020</b>		752	215	570	8,144	9,681
Profit for the financial period		-	-	-	5,384	5,384
Exchange differences		-	-	(81)	-	(81)
Total other comprehensive income		-	-	(81)	-	(81)
Dividends paid	7	-	-	-	(5,500)	(5,500)
Total contributions by and distributions to owners of the group		-	-	-	(5,500)	(5,500)
<b>At 27 March 2021</b>		752	215	489	8,028	9,484

## Technical Fibre Products Limited

### Statement of changes in equity for the 52 week period ended 27 March 2021 - Company

	Note	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
<b>At 30 March 2019</b>		752	215	11,059	12,026
Profit for the financial period		-	-	5,656	5,656
Dividends paid	7	-	-	(6,000)	(6,000)
Total contributions by and distributions to owners of the group		-	-	(6,000)	(6,000)
<b>At 28 March 2020</b>		752	215	10,715	11,682
Profit for the financial period		-	-	4,227	4,227
Dividends paid	7	-	-	(5,500)	(5,500)
Total contributions by and distributions to owners of the group		-	-	(5,500)	(5,500)
<b>At 27 March 2021</b>		752	215	9,442	10,409

The notes on pages 16 to 40 form part of these financial statements.

# Technical Fibre Products Limited

## Notes forming part of the financial statements for the 52 week period ended 27 March 2021

### 1 Accounting policies

Technical Fibre Products Limited ('the Company') is a company limited by shares and incorporated in the UK. The Company is a wholly owned subsidiary of James Cropper Plc.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### Basis of preparation

The accounting period for the Group and Company is for the 52 week period ended 27 March 2021.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Group and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. FRS101 disclosure exemptions are noted below.

The Group and Company has taken the exemptions under FRS 101 available in respect of the following disclosures:

- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 73(e), 79(a)(iv), 111, 118(e) and 134 to 136 of IAS 1 Presentation of Financial Statements,;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15 Revenue from Contracts with Customers
- The requirements of IAS 7 Statement of Cashflows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraphs 17 and 18A IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- IFRS7, 'Financial Instruments Disclosures'
- Information relating to new IFRS standards which have been issued but which are not yet effective, including an assessment of the possible impact that it will have when it is adopted for the first time (IAS 8.30-31).
- The requirements of paragraph 52, the second sentence of paragraph 89 and paragraphs 90,91 and 93 of IFRS 16 Leases.
- The requirements of paragraph 58 of IFRS 16
- The requirements of section 444 of the Companies Act to prepare a Company profit and loss account.

The financial statements of the Group consolidate the accounts of the Company and those of its subsidiary undertakings. No subsidiaries are excluded from consolidation. The results of subsidiary undertakings acquired are included from the effective date of acquisition. Intragroup balances and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The ultimate parent company and ultimate controlling party is James Cropper Plc, a company registered in England and Wales, and which has prepared group accounts incorporating the results of Technical Fibre Products Limited and its subsidiaries. Copies of these accounts can be obtained from Burnside Mills, Kendal, Cumbria, LA9 6PZ.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

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## 1 Accounting policies (continued)

The financial statements are prepared on the historical cost basis of accounting except where IFRS requires assets and liabilities to be measured at fair value.

The financial statements have been prepared on a going concern basis. This is the first year the Company has opted to prepare consolidated financial statements.

TFP Hydrogen Limited was acquired on 15 January 2021. The parent undertaking, Technical Fibre Products Limited (registered number 02053047) has agreed to provide a parent company guarantee following the decision to claim an exemption from audit of the financial statements of TFP Hydrogen Products Limited (registered number 07553427) for the year ended 31 March 2021, under section 479A of the Companies Act 2006. Technical Fibre Products Limited therefore guarantees all outstanding liabilities to which TFP Hydrogen Products Limited is subject to at the end of the financial year to 31 March 2021. The guarantee is enforceable against the parent undertaking by any person whom TFP Hydrogen Products Limited is liable in respect of those liabilities. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

### *Turnover recognition*

The Group and Company applies IFRS 15, Revenue from contract with customers. Revenue represents income derived from contracts for the provision of goods by the Group and Company to customers in exchange for consideration in the ordinary course of the Group and Company's business. Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good, or a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer. Revenue from the sale of goods is recognised when control of the goods have been transferred to the buyer. Goods are identified as products being wet-laid nonwoven advanced materials.

Revenue is recognised when:

- the Company has transferred control to the buyer;
- all significant performance obligations have been met;
- the Company retains neither continuing managerial involvement nor effective control over the goods;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The amount of revenue can be measured reliable.

Transfer of control varies depending on the individual terms of the contract of sale. For sales in the UK, transfer of control occurs when the goods are despatched to the customer. However, for some international shipments, transfer of control occurs either upon loading the goods onto the relevant carrier or when the goods have arrived in the overseas port. The point of transfer of control for international shipments is dictated by the terms of each sale.

### *Foreign currencies*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### *Investments*

Trade investments are stated at cost less any impairment in value.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 1 Accounting policies (continued)

### Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the IAS 38 conditions are met. Other development expenditures are recognised as an expense as incurred. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

### Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following useful lives have been determined for intangible assets. The key judgement on development costs relates to the future cash flows to be generated from this investment.

Computer software	-	3- 10 year
Trade secrets such as processes or unique recipes	-	10 years
Customer relationships	-	10 years
Technology	-	10 years
Brand	-	5 years

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	14-40 years
Fixtures, fittings, plant and machinery	-	4-20 years

Residual values and useful lives are reviewed annually.

### Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### Grants

Capital grants are credited to a deferral account and released to income over the expected useful lives of the relevant assets. Grants of a revenue nature, including furlough and USA government grants are credited to the Profit and Loss Account in the period to which they relate.

### Taxation

Tax on the Profit and Loss Account for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

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## 1 Accounting policies (*continued*)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### *Research and Development Tax Credit*

Research and development expenditure credit (RDEC) is recognised within other income.

### *Financial instruments and hedges of net investment in a foreign entity*

The Group hedges its net investment in foreign operations using a foreign currency denominated loan, and hedge accounting is applied. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the foreign entity is sold.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each Balance Sheet date. The resulting gain or loss on re-measurement is recognised in the Profit and Loss Account, unless hedge accounting is applicable. There were no material balances at the period end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those with maturities greater than twelve months after the Balance Sheet date, which are classified as non-current assets. Loans and receivables are included within trade and other debtors in the Balance Sheet.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date.

The Group and Company applies IFRS 9 Financial Instruments and therefore applies the expected credit loss model when assessing impairment of financial assets. The Group and Company applies the simplified model to recognise expected lifetime losses on its trade receivables.

### *Cash*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings within current liabilities on the Balance Sheet.

### *Borrowing costs*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Profit and Loss Account over the period of the borrowings using the effective interest method.

### *Interest*

Interest is recognised in the Profit and Loss Account on an accruals basis using the effective interest method.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

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## 1 Accounting policies (*continued*)

### *Trade and intercompany creditors*

Trade and intercompany creditors are stated at their fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

### *Capital management*

The Group and Company's capital includes share capital, reserves and retained earnings. The Group and Company's policy is to maintain the ability to continue as a going concern, in order to provide returns to the shareholder and benefits to other stakeholders. The Group and Company invests in financial assets that will provide an adequate level of return to the shareholder commensurate with the level of risk.

The Group and Company manages the capital structure and adjusts this in light of the changes in the economic conditions and risk associated with the underlying assets. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of any dividend paid to the shareholder, return capital to the shareholder, issues new shares, or sell assets to reduce debt. The Group and Company is not subject to any externally imposed capital requirements. There have been no material changes in the management of capital during the period.

### *Leasing*

Leased assets are capitalised at inception and payments apportioned between finance charges and reduction of the lease liability. The interest element is charged to the income statement and the capitalised leased assets are depreciated over the shorter of the estimated useful economic life of the asset or the lease term.

### *Going concern*

Notwithstanding the net current liabilities position which arises due to the current loan being repayable in the next 12 months, the financial statements have been prepared on a going concern basis under the historical cost convention. In determining the appropriate basis of preparation, the continuing impact of the Covid 19 pandemic has been considered.

The Group and the Company has received written confirmation from the parent company that they will support Technical Fibre Products Limited for further period of at least 12 months from the date that these accounts are signed. It has been concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts of the Group and the Company.

### **The key use of estimates and judgements are outlined below:**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The following are the policies and accompanying notes are where the assumptions and judgements made by management could have an impact on the Group and Company's financial statements. None of these are considered to have a material impact.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

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## 1 Accounting policies (continued)

### *Note 9 Intangible assets*

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The policy requires the estimate of the useful life which in turn determines the annual amortisation charge and could affect Group or Company profit.

### *Note 10 Tangible fixed assets*

It is the Group and Company's policy to depreciate categories within tangible fixed assets on a straight line basis over their estimated useful lives. A key element of this policy is the estimate of the useful life applied to each category of asset which in turn determines the annual depreciation charge. Variations in asset lives could affect the Group or Company's profit through an increase or decrease in the depreciation charge.

### *Note 13 Stocks*

In the course of normal trading activities management uses its judgement to establish the net realisable value of its stocks. Provisions are established for obsolete or slow moving stocks, based on past practice, current conditions and aged stock facts available to management.

### *Note 14 Trade debtors*

Estimating the collectability of trade debtors is a key judgement including the expected credit loss.

### *Impairment of assets*

At each reporting date, the Group and Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group and Company makes an estimate of recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

### *Right-of use assets*

Significant judgement is exercised in determining the lease term. IFRS 16 defines the lease term as the 'non-cancellable' period beyond which any extension is not reasonably certain.

Significant judgement is exercised in determining the incremental borrowing rate. IFRS 16 requires the borrowing rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value in a similar economic environment.

### *Business combinations*

Significant judgement is exercised in determining the forecasted EBITDA targets used to calculate the contingent consideration and the discount rates and weighted average cost of capital to calculate the fair value of the deferred consideration and the contingent liability.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

<b>2 Turnover</b>	<b>2021 £000</b>	<b>2020 £000</b>
Sale of goods	<u>24,570</u>	<u>26,536</u>
Turnover by geographical area:		
United Kingdom	2,920	3,759
Europe	7,497	6,934
The Americas	12,894	14,701
Rest of the world	1,259	1,142
	<u>24,570</u>	<u>26,536</u>

All revenue is recognised at a point in time.

<b>3 Finance costs</b>	<b>2021 £000</b>	<b>2020 £000</b>
Interest payable:		
Interest payable on bank borrowings	207	215
Interest payable on lease liabilities	115	124
Intercompany loan interest	549	595
	<u>871</u>	<u>934</u>
Interest receivable:		
Intercompany interest received	<u>(297)</u>	<u>(343)</u>
Finance costs – net	<u>574</u>	<u>591</u>

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 4 Operating profit - Group

	2021 £000	2020 £000
The following items have been charged/(credited) in arriving at operating profit:		
Inventory recognised as an expense (see note 13)	11,921	13,466
Impairment of stock balances (see note 13)	184	102
Staff costs (see note 5)	6,381	6,178
Restructuring costs (see note 21)	26	-
Acquisition costs (see note 24)	384	-
Depreciation of tangible fixed assets:		
- owned assets (see note 10)	724	754
- right of use assets (see note 11)	204	207
- amortisation of intangibles (see note 9)	34	13
Repairs and maintenance expenditure on tangible fixed assets	361	493
Government grants received	(75)	(3)
Foreign exchange differences	78	155
Trade receivables credit	-	9
Other income – Job Retention Scheme and US PPP Grant	(574)	-
Auditors' remuneration:		
Fees for the audit of the company	20	14

Government grants relate to assistance received for research projects and the development of new technology.

Amounts receivable by the Group and Company's auditor and its associates in respect of services to the Group and Company and its associates, other than the audit of the Group and Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the financial statements of the Group and Company's parent, James Cropper Plc.

## 5 Employees and directors

	2021 £000	2020 £000
Staff costs consist of:		
Wages and salaries	5,566	5,379
Social security costs	460	455
Other pension costs	355	344
	<u>6,381</u>	<u>6,178</u>

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 5 Employees and directors (continued)

The average monthly number of employees (including directors), during the year were:

	2021 Number	2020 Number
Staff	64	60
Production	61	57
	<u>125</u>	<u>117</u>
Directors' emoluments during the year:	£000	£000
Directors' emoluments	135	124
Pension costs	6	6
	<u>141</u>	<u>130</u>

In both the current and the prior period the directors' emoluments were borne by James Cropper Plc, the figures in this note show a representative split based on turnover.

## 6 Taxation

	2021 £000	2020 £000
<i>Current tax:</i>		
United Kingdom corporation tax on profits for the year	355	573
Adjustment in respect of prior period	(1)	138
	<u>354</u>	<u>711</u>
<i>Deferred tax:</i>		
Current period	175	246
Adjustments in respect of prior period	(5)	1
Effects of changes in tax rate	-	50
	<u>170</u>	<u>297</u>
Total deferred tax (note 17)	170	297
	<u>524</u>	<u>1,008</u>
<b>Total tax charge</b>	<b>524</b>	<b>1,008</b>

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 6 Taxation (continued)

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

	2021 £000	2020 £000
Profit before tax	5,908	7,162
Profit multiplied by rate of corporation tax in the UK of 19% (2020 - 19%)	1,123	1,361
Effects of:		
Adjustments to tax in respect of prior period	(5)	139
Non-deductible/non-taxable items	109	25
Group relief unpaid	(527)	(443)
Other	25	11
Deferred tax not recognised in overseas jurisdictions	(201)	(135)
Other tax rate changes	-	50
Total tax charge for the year	524	1,008

## 7 Dividends

	2021 £000	2020 £000
Dividends on equity shares:		
Ordinary £7.33 per share (2020 - £8.00)	5,500	6,000

## 8 Goodwill

	Group £000	Company £000
At 28 March 2020	-	-
Assets acquired through business combinations (see note 24)	1,264	-
At 27 March 2021	1,264	-

Goodwill is recognised following the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd) by the Company on 18 January 2021.

Goodwill has been calculated as the difference between the fair value of net assets acquired on acquisition and the fair value consideration paid and expected to be paid. Goodwill is not amortised but is subject to an annual impairment review.

## Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

### 9 Intangible assets – Group

	Customer Relationships	Technology	Brands	Computer Software	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
28 March 2020	-	-	-	105	105
Additions arising on business combinations (see note 24)	567	359	31	-	957
<b>At 27 March 2021</b>	<b>567</b>	<b>359</b>	<b>31</b>	<b>105</b>	<b>1,062</b>
<i>Accumulated amortisation</i>					
At 28 March 2020	-	-	-	95	95
Charge for the year	12	7	5	10	34
<b>At 27 March 2021</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>105</b>	<b>129</b>
<i>Net book value</i>					
<b>At 27 March 2021</b>	<b>555</b>	<b>352</b>	<b>26</b>	<b>-</b>	<b>933</b>
At 28 March 2020	-	-	-	10	10
	<b>Customer Relationships</b>	<b>Technology</b>	<b>Brands</b>	<b>Computer Software</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>Cost</i>					
30 March 2019	-	-	-	105	105
<b>At 28 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>105</b>
<i>Accumulated amortisation</i>					
At 30 March 2019	-	-	-	82	82
Charge for the period	-	-	-	13	13
<b>At 28 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>95</b>
<i>Net book value</i>					
<b>At 28 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>
At 30 March 2019	-	-	-	23	23

## Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

9 Intangible assets – Company	Computer software £000
<i>Cost</i>	
28 March 2020	105
Additions	-
	105
<b>At 27 March 2021</b>	<b>105</b>
<i>Accumulated amortisation</i>	
At 28 March 2020	95
Charge for the year	10
	105
<b>At 27 March 2021</b>	<b>105</b>
<i>Net book value</i>	
At 27 March 2021	-
	-
At 28 March 2020	10
	10
	<b>Computer software £000</b>
<i>Cost</i>	
30 March 2019	105
	105
At 28 March 2020	105
	105
<i>Accumulated amortisation</i>	
At 30 March 2019	82
Charge for the period	13
	95
At 28 March 2020	95
	95
<i>Net book value</i>	
At 28 March 2020	10
	10
At 30 March 2019	23
	23

## Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

### 10 Tangible fixed assets Group

	Freehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Assets under the course of construction £000	Total £000
<i>Cost</i>				
At 28 March 2020	2,198	17,159	5,502	24,859
Additions	-	19	1,192	1,211
Assets acquired from business combinations (see note 24)	8	63	-	71
Effects of movements in foreign exchange	-	(270)	-	(270)
<b>At 27 March 2021</b>	<b>2,206</b>	<b>16,971</b>	<b>6,694</b>	<b>25,871</b>
<i>Accumulated depreciation</i>				
At 28 March 2020	1,340	9,823	-	11,163
Charge for the period	69	655	-	724
<b>At 27 March 2021</b>	<b>1,409</b>	<b>10,478</b>	<b>-</b>	<b>11,887</b>
<i>Net book value</i>				
<b>At 27 March 2021</b>	<b>797</b>	<b>6,493</b>	<b>6,694</b>	<b>13,984</b>
At 28 March 2020	858	7,336	5,502	13,696

## Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

**10 Tangible fixed assets  
Group (*continued*)**

	Freehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Assets under the course of construction £000	Total £000
<i>Cost</i>				
At 30 March 2019	2,198	16,818	-	19,016
Adjustment on initial application IFRS16	-	(427)	-	(427)
At 31 March 2019	2,198	16,391	-	18,589
Transfer from right-of-use assets	-	427	-	427
Additions	-	208	5,502	5,710
Effects of movements in foreign exchange	-	136	-	136
Disposals	-	(3)	-	(3)
At 28 March 2020	2,198	17,159	5,502	24,859
<i>Accumulated depreciation</i>				
At 30 March 2019	1,271	9,138	-	10,409
Adjustment on initial application IFRS16	-	(162)	-	(162)
At 31 March 2019	1,271	8,976	-	10,247
Transfer to right-of-use assets	-	162	-	162
Charge for the period	69	685	-	754
At 28 March 2020	1,340	9,823	-	11,163
<i>Net book value</i>				
At 28 March 2020	858	7,336	5,502	13,696
At 30 March 2019	927	7,680	-	8,667

## Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 *(continued)*

### 10 Tangible fixed assets Company

	Freehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Assets under the course of construction £000	Total £000
<i>Cost</i>				
At 30 March 2020	2,198	13,317	5,502	21,017
Additions		15	1,191	1,206
<b>At 28 March 2021</b>	<b>2,198</b>	<b>13,332</b>	<b>6,693</b>	<b>22,223</b>
<i>Accumulated depreciation</i>				
At 28 March 2020	1,340	8,620	-	9,960
Charge for the period	69	455	-	524
<b>At 27 March 2021</b>	<b>1,409</b>	<b>9,075</b>	<b>-</b>	<b>10,484</b>
<i>Net book value</i>				
<b>At 27 March 2021</b>	<b>789</b>	<b>4,257</b>	<b>6,693</b>	<b>11,739</b>
<b>At 28 March 2020</b>	<b>858</b>	<b>4,697</b>	<b>5,502</b>	<b>11,057</b>

## Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

### 10 Tangible fixed assets Company (*continued*)

	Freehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Assets under the course of construction £000	Total £000
<i>Cost</i>				
At 30 March 2019	2,198	13,117	-	15,315
Adjustment on initial application IFRS16	-	(427)	-	(427)
At 31 March 2019	2,198	12,690	-	14,888
Transfer from right-of-use assets	-	427	-	427
Additions	-	202	5,502	5,502
Disposals	-	(2)	-	(2)
At 28 March 2020	2,198	13,317	5,502	21,017
<i>Accumulated depreciation</i>				
At 30 March 2019	1,271	8,141	-	9,412
Adjustment on initial application IFRS16	-	(162)	-	(162)
At 31 March 2019	1,271	7,979	-	9,249
Transfer from right-of-use assets	-	162	-	162
Charge for the period	69	479	-	548
At 28 March 2020	1,340	8,620	-	9,960
<i>Net book value</i>				
At 28 March 2020	858	4,697	5,502	11,057
At 31 March 2019 on initial application of IFRS16	927	4,711	-	11,056
At 30 March 2019	927	4,976	-	5,903

## Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

### 11 Right of use assets - Group

	Freehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Total £000
<i>Cost</i>			
At 28 March 2020	2,970	16	2,986
Effects of movements in foreign exchange	(257)	-	(257)
<b>At 27 March 2021</b>	<b>2,713</b>	<b>16</b>	<b>2,729</b>
<i>Accumulated depreciation</i>			
At 28 March 2020	203	4	207
Charge for the period	200	4	204
<b>At 27 March 2021</b>	<b>403</b>	<b>8</b>	<b>411</b>
<i>Net book value</i>			
<b>At 27 March 2021</b>	<b>2,310</b>	<b>8</b>	<b>2,318</b>
At 28 March 2020	2,767	12	2,779
<i>Cost</i>			
Recognition of right-of-use assets on initial application of IFRS 16 on 31 March 2019	2,837	16	2,853
Effects of movements in foreign exchange	133	-	133
At 28 March 2020	2,970	16	2,986
<i>Accumulated depreciation</i>			
At 30 March 2019	-	-	-
Recognition of right-of-use assets on initial application of IFRS 16 on 31 March 2020	-	-	-
Charge for the period	203	4	207
At 28 March 2020	203	4	207
<i>Net book value</i>			
At 28 March 2020	2,767	12	2,779

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

## 11 Right of use assets - Company

	Freehold land and buildings £000	Fixtures, fittings, plant and machinery £000	Total £000
<i>Cost</i>			
At 28 March 2020	314	16	330
<b>At 27 March 2021</b>	<b>314</b>	<b>16</b>	<b>330</b>
<i>Accumulated depreciation</i>			
At 28 March 2020	55	4	59
Charge for the period	56	4	60
<b>At 27 March 2021</b>	<b>111</b>	<b>8</b>	<b>119</b>
<i>Net book value</i>			
<b>At 27 March 2021</b>	<b>203</b>	<b>8</b>	<b>211</b>
At 28 March 2020	259	12	271
	<b>Freehold land and buildings £000</b>	<b>Fixtures, fittings, plant and machinery £000</b>	<b>Total £000</b>
<i>Cost</i>			
At 30 March 2019	314	443	757
Transfers to property, plant & equipment	-	(427)	(427)
At 28 March 2020	314	16	330
<i>Accumulated depreciation</i>			
At 30 March 2019	-	162	162
Charge for the period	55	4	59
Transfers to property, plant & equipment	-	(162)	(162)
At 28 March 2020	55	4	59
<i>Net book value</i>			
At 28 March 2020	259	12	271

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 11 Right of use assets – Company (continued)

The Group and Company has initially applied IFRS 16 on 31 March 2019, which requires the recognition of right-of-use assets in relation to the Group and Company's lease liabilities. As a result, on 31 March 2019, the Group recognised right-of-use assets with a net book value of £2,853,000 and the Company recognised right-of-use assets with a net book value of £265,000 related to those lease liabilities. The Group and Company has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated. Assets where ownership is transferred to the Group and Company upon completion of the lease liability are transferred into Property, plant and equipment (note 10).

## 12 Investments

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
At 27 March 2021/ 28 March 2020	-	-	2,589	1

Company Name	Country of incorporation	% holding of ordinary shares	Direct or indirect holding	Nature of business
TFP Hydrogen Products Limited	England	100	Direct	Manufacturer of electrochemical materials
Tech Fibers Inc	USA	100	Direct	Holding company
Technical Fibre Products Inc	USA	100	Indirect	Sales and marketing organisation
Metal Coated Fibers Inc	USA	100	Indirect	Manufacturer of metal coated carbon fibres
Electro Fiber Technologies LLC	USA	100	Indirect	Manufacturer of metal coated fibres

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 13 Stocks

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Raw materials	2,068	1,205	1,839	1,499
Work-in-progress	441	554	477	557
Finished goods	1,220	1,076	1,000	460
	<u>3,729</u>	<u>2,835</u>	<u>3,316</u>	<u>2,516</u>

The Group's stocks are stated after a provision for impairment of £184,000 (2020 - £102,000). The Company's stocks are stated after a provision for impairment of £175,000 (2020 - £92,000).

The cost of stocks recognised as expenses and included in cost of sales for the year ended 27 March 2021 is £11,981,000 (2020 - £13,466,000) for the Group and £10,700,000 (2020 - £11,538,000) for the Company.

## 14 Trade and other debtors

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Trade debtors	4,377	5,304	3,193	3,205
Less: provision for impairment of debtors	(391)	(33)	(381)	(23)
	<u>3,986</u>	<u>5,271</u>	<u>2,812</u>	<u>3,182</u>
Trade debtors – net	3,986	5,271	2,812	3,182
Amounts owed by group undertakings - subsidiaries	-	-	2,530	6,284
Amounts owed by group undertakings – parent and other	18,200	18,441	18,200	18,441
Prepayments and other debtors	268	249	121	111
	<u>22,454</u>	<u>23,961</u>	<u>23,663</u>	<u>28,018</u>

Amounts owed by group undertakings, either owed by subsidiaries or parent and other, are due on demand and interest free. All amounts shown as debtors are due within one year.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 15 Trade and other creditors; amounts falling due within one year

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Trade creditors	1,618	1,216	1,264	949
Amounts owed to group undertakings – subsidiaries	-	-	209	-
Amounts owed to group undertakings – parent and other	14,435	14,546	14,435	14,546
Other tax and social security	216	98	210	100
Accruals	665	772	434	687
Other creditors	880	90	872	84
	<u>17,814</u>	<u>16,722</u>	<u>17,424</u>	<u>16,366</u>

Amounts owed to group undertakings, either owed to group subsidiaries or parent and other, are due on demand and interest free.

## 16 Borrowings

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Current:				
Intercompany loans – parent and others	7,000	7,607	7,000	7,607
Bank loans	7,608	3,008	3,431	2,199
Lease liabilities	168	155	62	52
	<u>14,776</u>	<u>10,770</u>	<u>10,493</u>	<u>9,858</u>

The intercompany loans are unsecured and are repayable 12 months from the date of drawdown. There is a formal loan agreement in place stating interest is charged at 3.6% (2020 – 3.6%).

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Non-current:				
Lease liabilities	2,751	3,238	172	232
Bank loans:				
Unsecured	1,808	3,641	1,808	3,035
	<u>4,559</u>	<u>6,879</u>	<u>1,980</u>	<u>3,267</u>

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 16 Borrowings (continued)

Bank loans are denominated in US dollars and translated to UK Sterling at the rate ruling at the reporting date and bear interest of 1.25% above UK bank base rates. There is an unlimited company guarantee by James Cropper Plc to secure all the liabilities of Technical Fibre Products Limited.

### Net investment in a foreign operation

The Group manages the risk that changes in exchange rates have on its net investment in foreign operations using loans payable in the same currency as the functional currency of its foreign operation.

At the inception of the hedge the hedging ratio between the overseas assets and the foreign currency loan is a ratio of 1:1.

For the years ended 27 March 2021 and 28 March 2020 there were no significant amounts recognised in profit or loss relating to the ineffective portion of hedges or portions excluded from the assessment of hedge effectiveness.

Gains and losses that relate to designated and effective hedging instruments are recognised in other comprehensive income and tracked separately.

At 27 March 2021, the foreign operations were denominated in USD

All figures in £'000	2021 £000	2020 £000
Carrying amount of the loan payable	1,808	607
Change in fair value of the designated hedging instrument	(1,201)	2,271
Change in fair value of the designated hedged item	1,437	(2,110)
Notional amount	2,893	3,237
Maturity date	22/12/21	22/12/21

## 17 Deferred taxation

The movement on the deferred tax account is shown below:

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
At 28 March 2020/30 March 2019	717	420	717	420
Adjustments in respect of prior periods	(5)	1	(6)	1
Movements arising from the acquisition of business	183	-	-	-
Income statement charge	175	296	170	296
	<u>1,070</u>	<u>717</u>	<u>881</u>	<u>717</u>
At 27 March 2021/ 28 March 2020				

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same legal jurisdiction as required by IAS 12) during the period are shown below:

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (*continued*)

## 17 Deferred Tax (*continued*)

	Group Accelerated capital allowances £000	Company Accelerated capital allowances £000
Deferred tax liabilities:		
At 28 March 2020	717	717
Income statement charge	170	164
Movements arising from the acquisition of business	183	-
	<u>1,070</u>	<u>881</u>
At 27 March 2021		

## 18 Share capital

	2021 £000	2020 £000
<i>Issued and fully paid</i>		
(2020 – 750,002) ordinary shares of £1 each	750	750
(2020 – 204,665) irredeemable preference shares of £0.01 each	2	2
	<u>752</u>	<u>752</u>

The preference shares are irredeemable and confer no contractual right to a dividend.

## 19 Capital commitments

	2021 £000	2020 £000
Contracts placed for future capital expenditure not provided in the financial statements	478	1,681
	<u>478</u>	<u>1,681</u>

## 20 Contingent liabilities

A group right of set off exists between the overdrafts of the Group, its parent company, James Cropper Plc, and its fellow subsidiaries, James Cropper Speciality Papers Limited, James Cropper Converting Limited and James Cropper 3D Products Limited with the exception of TFP Hydrogen Products Limited,. The fair value of the contingent liability is determined to be nil.

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 21 Exceptional items

Period ended 27 March 2021	Group £000	Company £000
Restructuring costs (1)	26	26
Transactional costs (2)	384	384
Exceptional costs	<u>410</u>	<u>410</u>

- (1) Restructuring costs incurred during the restructuring of operations have been charged to the income statement under Employee Benefit Costs (see note 5), considered exceptional due to being non-recurring costs.
- (2) The transaction costs occurred on the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Limited) by Technical Fibre products Limited on 18 January 2021 have been charged to the consolidated income statement under other expenses, considered exceptional due to be non-recurring costs.

## 22 Ultimate parent undertaking and controlling party

The ultimate parent company and ultimate controlling party is James Cropper Plc, a company registered in England and Wales, and which has prepared group accounts incorporating the results of Technical Fibre Products Limited and its subsidiaries. Copies of these accounts can be obtained from Burneside Mills, Kendal, Cumbria, LA9 6PZ.

## 23 Related party transactions

The Company has taken advantage of the exemption included in FRS 101 and has not disclosed transactions with other wholly owned members of the Group headed by James Cropper PLC.

Key management personnel are considered to be all company directors who together have authority and responsibility for planning, directing and controlling the activities of the Company.

## 24 Business combinations

### Acquisition of PV3 Technologies Limited

Technical Fibre Products Limited acquired 100% of the share capital of PV3 Technologies Limited on 18 January 2021 for a total fair value consideration of £2,588,000 on a debt and cash free basis.

PV3, established in 2011, is based in Launceston, Cornwall, and is a specialist in materials for electrochemical technologies. The company develops and manufactures a range of products which include coated electrodes, high performance catalyst powders for use in fuel cells and electrolysis, as well as water electrolyser materials which improve system efficiency and durability, reducing the cost of green hydrogen. PV3 serves a small number of customers, mainly within the hydrogen sector and is well placed to grow within the hydrogen production market and has existing capacity in place to grow substantially. In addition to having complementary technologies to TFP, PV3 also shares the same emphasis on customer collaboration and product development. On 23 February 2021, the name of the Acquisition was changed from PV3 Technologies Limited to TFP Hydrogen Products Limited.

TFP Hydrogen Products Limited's revenue for the year ended 27 March 2021 was £862,659 with a loss after tax of £301,620. TFP Hydrogen Products Limited's revenue of £59,797 and loss after tax of £169,559 since the date of acquisition have been included in the Consolidated Income statement (page 10).

# Technical Fibre Products Limited

Notes forming part of the financial statements  
for the 52 week period ended 27 March 2021 (continued)

## 24 Business combinations (continued)

Details of net assets acquired, as adjusted from book to fair value, are as follows:

	Note	Book value £000	Revaluation £000	Fair value £000
<b>Net assets acquired</b>				
Property, plant and equipment		71	-	71
Intangible assets	9	-	957	957
Stock		124	-	124
Trade and other receivables		207	-	207
Cash and cash equivalents		815	-	815
<b>Total assets</b>		<b>1,217</b>	<b>957</b>	<b>2,174</b>
Trade and other payables		(667)	-	(667)
Deferred tax liabilities		-	(183)	(183)
<b>Total liabilities</b>		<b>(667)</b>	<b>(183)</b>	<b>(850)</b>
Net assets acquired		550	774	1,324
Goodwill arising on acquisition	8	-	-	1,264
<b>Total consideration</b>		-	-	<b>2,588</b>
Comprising:				
Consideration paid in cash on 18 January 2021				1,600
PPA adjustment paid on 18 January 2021				190
Deferred consideration at fair value				397
Contingent consideration at fair value				401
<b>Total consideration at fair value</b>				<b>2,588</b>
<b>Net cash outflow arising on acquisition</b>				
Consideration paid in cash				1,790
Cash acquired				(815)
Transaction costs paid				384
<b>Net cash paid</b>				<b>1,359</b>

Transaction costs of £384,000 were charged to the consolidated income statement.