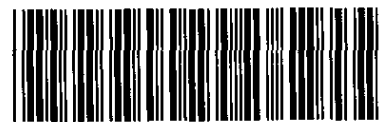


CT Automotive Group Limited

27 September 2021

Company Number 10451211

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CT Automotive Group Limited

Company balance sheet as at 27 September 2021

Company number 10451211	Note	27 September 2021 \$000	27 September 2021 \$000	31 December 2020 \$000	31 December 2020 \$000
Fixed assets					
Investments	2		36,142		36,127
Deferred tax asset	3		955		189
			<u>37,097</u>		<u>36,316</u>
Current assets					
Trade and other debtors	4	14,394		5,635	
Cash at bank and in hand		463		99	
			<u>14,857</u>	<u>5,734</u>	
Creditors: amounts falling due within one year	5	(25,655)		(24,627)	
Net current liabilities			(10,798)		(18,893)
Total assets less current liabilities			26,299		17,423
Creditors: amounts falling due after more than one year	6		(14,135)		(22,811)
Net assets/(liabilities)			12,164		(5,388)
Capital and reserves					
Called up share capital	8		132		132
Other reserves	7		9,900		-
Profit and loss account			2,132		(5,520)
Shareholders' surplus/(deficit)			12,164		(5,388)

This balance sheet was approved by the director on 7 October 2021 and was signed on its behalf by:



David Wilkinson
Director

CT Automotive Group Limited

Notes to the company balance sheet as at 27 September 2021

1 Accounting policies

Introduction

CT Automotive Group Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 10451211 and the registered address and principal place of business is 1000 Lakeside North Harbour, Western Road, Portsmouth, PO6 3EN.

The Company's functional and reporting currency is USD, the Director elected to set the Company up in this way *due to the international nature of the Company and overall reliance on USD; including long term financial instruments and working capital facilities* which are also predominantly denominated in USD.

The Company balance sheet has been prepared and approved by the Director in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The balance sheet has been prepared in accordance with IFRSs issued by the International Accounting Standards Board (IASB).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in this balance sheet.

There are no judgements or estimates that are deemed to have a significant effect on the balance sheet.

Measurement convention

The balance sheet has been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

CT Automotive Group Limited

Notes to the company balance sheet as at 27 September 2021 (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in this balance sheet for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Company utilises derivatives consisting of exchange contracts to reduce foreign currency risk.

CT Automotive Group Limited

Notes to the company balance sheet as at 27 September 2021 (continued)

1 Accounting policies (continued)

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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 temporary difference can be utilised.

CT Automotive Group Limited

Notes to the company balance sheet
as at 27 September 2021 (continued)

2 Fixed asset investments

	Shares in Company undertakings \$000
Cost	
At 1 January 2021	36,127
Additions	1,489
	<hr/>
At end of period	37,616
	<hr/>
Impairments	
At 1 January 2021	-
Impairments created in the period	1,474
	<hr/>
At end of period	1,474
	<hr/>
Net book value	
At 31 December 2020	36,127
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At 27 September 2021	36,142
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The Company holds a direct 100% investment in China Tool Projects UK Limited and its subsidiaries. The registered office of China Tool Projects UK Limited is: Rooms 2102-3 China Insurance Company Building 141 Des Voeux Road Central, Hong Kong (registered number: 700491).

On 7 June 2021, \$1,474,000 of the loan receivable balance due from Marin Engineering Limited was converted to share capital. An impairment review of this investment was undertaken on 27 September 2021. Based on the losses in this entity and the ongoing financial support this entity would require, CT Automotive Group Limited did not consider this investment to be recoverable. On 30 September 2021, CT Automotive Group Limited signed an agreement to transfer the shares in Marin Engineering Limited to a third party for nil consideration.

CT Automotive Group Limited

Notes to the company balance sheet
as at 27 September 2021 (continued)

3 Deferred tax assets

Recognised deferred tax assets

	27 September 2021 \$'000	31 December 2020 \$'000
Available losses	955	189
Tax assets	955	189

Movement in deferred tax during the year

	At 1 January 2021 \$'000	Recognised in income \$'000	At 27 September 2021 \$'000
Available losses	189	766	955

4 Debtors

	27 September 2021 \$'000	31 December 2020 \$'000
Amounts owed from Group undertakings	13,880	3,040
Taxation and social security	66	26
Loan receivable	-	2,017
Other Debtors	175	279
Tax receivable	273	273
	14,394	5,635

The loan receivable at 31 December 2020 and 27 September 2021 is amounts due from Marin Engineering Limited, a company in which CT Automotive Group Limited held a minority shareholding.

Additional loan balances of £201,000 were extended to Marin Engineering Limited during the period.

On 7 June 2021, \$1,474,000 of the loan receivable balance due from Marin Engineering Limited was converted to share capital in Marin Engineering Limited. At 27 September 2021, a full provision of \$744,000 was held against the remaining loan receivable due from Marin Engineering as this amount was not expected to be recoverable.

On 30 September 2021, CT Automotive Group Limited signed an agreement with other shareholders in Marin Engineering Limited to waive all loan receivable balances.

CT Automotive Group Limited

Notes to the company balance sheet
as at 27 September 2021 (continued)

5 Creditors: amounts falling due within one year	27 September 2021 \$'000	31 December 2020 \$'000
Current:		
Trade creditors	36	87
Amounts owed to Group undertakings	8,593	9,317
Taxation and social security	192	117
Tax payable	-	-
Accruals	195	341
Secured bank loans (Note 7)	9,134	8,408
Overdrafts (Note 7)	4,443	4,352
Bridging loan (Note 7)	2,500	-
Shareholder loans	549	2,001
Other creditors	13	4
	25,655	24,627
6 Creditors: amounts falling due after more than one year	27 September 2021 \$'000	31 December 2020 \$'000
Secured bank loans (Note 7)	8,535	15,385
Loan notes (Note 7)	5,600	7,426
	14,135	22,811
7 Loans and borrowings	27 September 2021 \$'000	31 December 2020 \$'000
Non-current liabilities		
Secured bank loans	8,535	15,385
Loan notes	5,600	7,426
	14,135	22,811
Current liabilities		
Current portion of secured bank loans	9,134	8,408
Bridging loan	2,500	-
Unsecured bank overdraft	4,443	4,352
	16,077	12,760
	30,212	35,571

The secured bank loans are secured by a floating charge over the Group's (as headed by this Company) property, plant and equipment.

CT Automotive Group Limited

Notes to the company balance sheet as at 27 September 2021 (continued)

7 Loans and borrowings (continued)

The currency profile of the Company's loans and borrowings is as follows:

	27 September 2021 \$'000	31 December 2020 \$'000
USD	23,884	27,771
GBP	6,328	7,800
	<u>30,212</u>	<u>35,571</u>

The movement in loan notes in the period is as follows:

	Loan notes - liabilities \$'000	Loan notes- equity \$'000
At 1 January 2021	7,426	-
Accrued interest	528	-
Conversion of shareholder loan notes to equity	(7,954)	9,900
Issue of loan notes to third parties	5,600	-
	<u>5,600</u>	<u>9,900</u>
At 27 September 2021	5,600	9,900

The original shareholder loan notes (\$7,426,000 at 31 December 2020) were converted to equity instruments on 14 September 2021 based on changes in their terms such that they meet the IAS 32 definition of equity. At the date of this conversion, \$1,946,000 of other shareholder loans were also converted to equity, in line with IAS 32. These are within Other Reserves within Capital and reserves.

Interest was accruing on the shareholder loan notes up to the date of the conversion to an equity instrument.

In September 2021, \$5,600,000 of new loan notes were issued to unrelated third parties.

8 Capital and reserves

	2021 \$'000	2020 \$'000
<i>Share capital</i>		
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	132	132
	<u>132</u>	<u>132</u>
Shares classified in shareholders' funds	132	132

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

Retained earnings

Retained earnings represents all other net gains and losses not recognised elsewhere.

CT Automotive Group Limited

Notes to the company balance sheet
as at 27 September 2021 (continued)

9 Ultimate controlling party

In the opinion of the Director of CT Automotive Group Limited, Simon Phillips is the ultimate controlling party of the Company.

10 Post balance sheet events

On 30 September 2021, CT Automotive Group Limited signed an agreement with the other shareholders of Marin Engineering Limited whereby CT Automotive Group has agreed to waive and write off all loan receivable balances due from Marin Engineering Limited and to transfer its shares held in Marin Engineering Limited to a third party for nil consideration.

This is an adjusting event in line with IAS 10. Therefore, appropriate adjustments have been made in the accounts to create a full provision against the loan receivable and to impair the value of the investment to nil.