chamberlin plc

ANNUAL REPORT AND ACCOUNTS

for the year ended 31 March 2020

STOCK CODE: CMH

DIFFICULT THINGS DONE WELL

Success in UK engineering has not been easy to achieve in recent years, but its requirements can be simply stated; winners must do difficult things and must do them well.

We define “difficult things” as activities with high engineering content delivering technically demanding products or processes. To take profitable advantage of them, it is essential that a business is properly managed and performs well.

> The year under review has been difficult. However, down-sizing cost reductions and careful cash management allowed the Group to operate effectively.

Chairman, Keith Butler-Wheelhouse

Investment Proposition

- Operating in markets with high barriers to entry protected by process know-how or market regulation
- Operating across diversified markets with sales driven by the global engineering economy – 66% of sales are exported
- Growth opportunity in the turbocharger castings market benefiting from regulatory drivers
- Strong, credible management team with a proven track record
- Focused UK manufacturing in niche markets

Visit us online

For more information on Chamberlin Group operations please visit our website at

www.chamberlin.co.uk

Highlights

Financial

- Revenue of £26.1m (2019: £33.0m) was 21% lower than prior year reflecting tough trading conditions in the first half
- Second-half revenues increased by 4% compared to the first half
- Underlying operating loss before non-underlying costs of £1.1m (2019: £1.0m loss), with the second half broadly break-even
- Underlying loss before taxation reduced to £1.4m (2019: £1.5m), reflecting lower financing costs on reduced net debt
- Non-underlying costs of £0.9m include significant downsizing costs of £0.8m, mostly taken in the first half, which contributed to the improved operating result in the second half
- Statutory loss before tax reduced to £2.3m (2019: £5.0m) as impairment charge taken in 2019 was not repeated
- Underlying diluted loss per share for continuing operations reduced to 18.7p (2019: 19.5p)
- Total diluted loss per share of 30.1p (2019: earnings per share of 18.2p)
- Net debt reduced to £4.6m (2019: £5.4m)

Operational

- Foundry revenues fell by 21% to £23.1m (2019: £29.3m) reflecting difficult trading conditions in the automotive sector
- Foundry operating loss reduced to £0.1m (2019: £0.2m loss) driven by strong profit contribution of £0.4m in the second half
- Engineering revenues decreased by 16% to £3.0m (2019: £3.6m), primarily due to Brexit uncertainties impacting customer demand, with the operating result reducing to break-even (2019: £0.2m profit)

REVENUE

£26.1m

STATUTORY LOSS BEFORE TAX

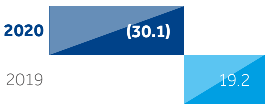
(£2.3m)

UNDERLYING LOSS BEFORE TAX

(£1.4m)

TOTAL (LOSS)/ EARNINGS PER SHARE

(30.1p)



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Underlying figures are stated before non-underlying costs (restructuring costs, hedge ineffectiveness, impairment, GMP equalisation, onerous leases and share based payment costs) together with the associated tax impact.

Underlying comparative figures have been restated as disclosed in Note 27.

CHAIRMAN'S STATEMENT

KEITH BUTLER-WHEELHOUSE
CHAIRMAN

"The year under review was a difficult period for Chamberlin. However, downsizing cost reductions and careful cash management allowed the Company to operate effectively. Future expectations will depend on a continued increase in non-automotive activity, reasonable turbocharger related business and the impact of COVID-19 diminishing."

The year under review was a difficult period for Chamberlin. Revenue was 21% below the prior year, with a loss before tax of £2.3m, including £0.8m of restructuring costs. However, downsizing, cost reductions and careful cash management allowed the Company to operate effectively.

The Board and Staff

In July 2019, Keith Jackson retired from the Board after 14 years, having joined as a Non-Executive Director in 2005. Keith will continue in his role as Trustee Chairman of the Chamberlin and Hill Staff Pension and Life Assurance Scheme. David Flowerday has replaced Keith as chair of the Audit Committee. On behalf of the Board, we would like to place on record our thanks to Keith for his many years of service to Chamberlin. He has made a significant contribution and we wish him well in the future. Subsequent to the year end the Board was strengthened by the appointment of Trevor Brown in March 2021. There have been no other changes to the Board.

As part of the overall restructuring mentioned above, there has been a consolidation of many positions, including senior roles, in order to reduce costs. On behalf of the Board, I would like to give our thanks to all our employees during what has been a difficult and challenging period.

Subsequent events

COVID-19 hit us very hard in April 2020 and to a lesser degree in the months since. In December 2020 our principal customer BorgWarner gave notice of the early termination of all existing contracts, dealing a body blow to the company.

This required Chamberlin to seek additional finance in order to remain solvent and pursue substantial further restructuring. A share issue was successfully undertaken in March 2021 generating £3.5m before costs.

The publication of these accounts was delayed first by Covid, then by the loss of the BorgWarner contract and finally by the share issue.

Outlook

This outlook statement was first prepared in November 2020, prior to events concerning BorgWarner. As penned in November the outlook was uncertain, principally due to COVID 19.

As rewritten in April 2021 the market outlook is more positive, with all businesses enjoying sales levels above those of the prior year in recent months, excluding the effect of BorgWarner. Whilst the COVID-19 outlook in the UK is much brighter, things remain uncertain, particularly in Continental Europe where many of our customers are based.

The substantial further restructuring mentioned above will reduce the overhead structure and the direct workforce to that needed for the reduced turnover caused by the BorgWarner contract termination.

The Company continues to explore additional opportunities for all business units, including non- traditional products and e-commerce.

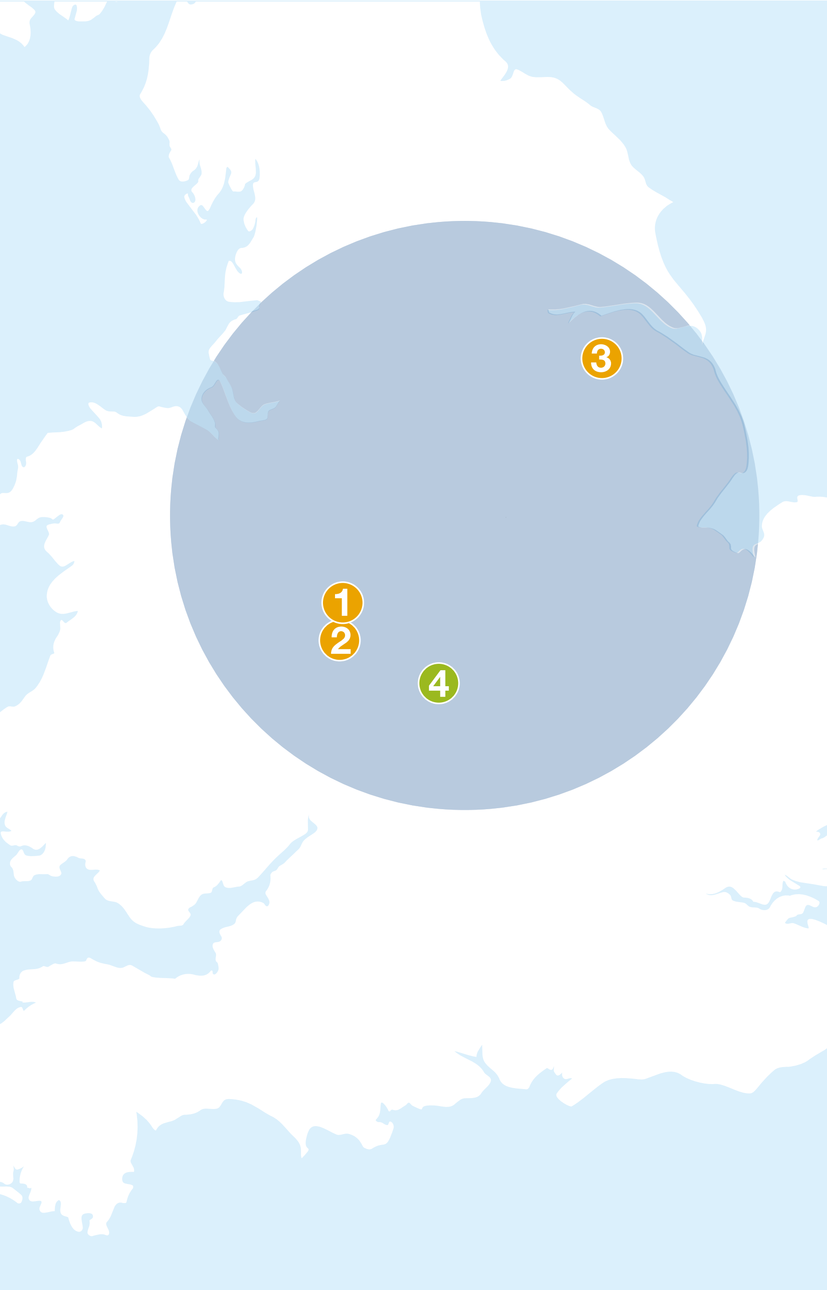
Management are confident that sales at Chamberlin will stabilise in the first half of the 2021/22 financial year and will then grow from the post BorgWarner low, with the growth gathering pace in the second half. The Board expects growth from all business units and a return to profitability and cash generation post our restructuring.

KEITH BUTLER_WHEELHOUSE
CHAIRMAN

15 April 2021

GROUP AT A GLANCE

GROUP OVERVIEW



Product Areas

Chamberlin operates across four locations in the UK. The Foundry Division specialises in technically demanding castings in complex shapes and in specialist metallurgies.

Work is allocated across its two foundry sites and one machining facility based on size and metallurgy as follows:

- → Light Castings based in Walsall produce castings up to 20kg in grey iron.
- → Heavy Castings based in Scunthorpe make 100kg and 6 tonne castings, again in a wide variety of iron grades.
- → The machining centre, opened in 2017, supports the light castings made in Walsall.

The engineering business supplies to regulated markets operating from a site in Birmingham.

UK Manufacturing

FOUNDRIES

1 **Plc Head Office &** Chamberlin & Hill Castings, Walsall

2 Chamberlin & Hill Castings, machining facility, Walsall

3 Russell Ductile Castings, Scunthorpe

ENGINEERING

4 Petrel, Birmingham

Global Sales

Engineering activity outside of the UK is a key driver of demand.

Direct exports account for 66% of output with our customers located in Europe, America, the Middle East and Asia. Global demand for engineered products is strong and our customers are typically leaders in their sectors.

CHIEF EXECUTIVE'S REVIEW

KEVIN NOLAN
CHIEF EXECUTIVE

"A reduction in first-half revenues necessitated action to right-size the cost base. This action laid the foundation for an improved operating performance in the second-half of the year."

Early in this financial year, Chamberlin's revenues suffered a reduction, with several factors impacting the Group in the first half:

- → A reduction in European car production adversely affected both the Walsall foundry and machining facility.
- → The issues at British Steel impacted our Scunthorpe heavy castings foundry
- → Petrel, our emergency lighting business, found many construction projects were delayed by uncertainties in the UK economy associated with Brexit.

Most importantly, and particularly for our dominant turbocharger market, the continuing lack of clarity over future tariffs on trade with the EU frustrated securing contracts on new models needed to replace contracts on older vehicles reaching the end of their production run.

This all reflected in first half revenues of £12.8m, a reduction of 26% compared with the previous year. This necessitated a substantial reduction in the cost base, which occurred during the first half, with the number of employees reducing in line with sales. The Group produced a pre-tax loss of £1.8m in the first half, which included £0.7m of restructuring costs.

The restructuring programme was designed to right-size the cost base to the expected future demand, with the latter buoyed in the second half by the successful negotiation of several new non-automotive contracts, and the potential to be further improved by additional automotive work now the future trading regime with the EU has been clarified.

In the second half, the increase in revenue from the new non-automotive contracts helped to outweigh the continuing effect of automotive contracts winding down. Overall, second-half revenues were 4% above those in the first half. The lower cost base enabled the second half pre-tax loss to be reduced to £0.5m, including a further £0.1m restructuring costs and a small initial COVID-19 effect in March. Excluding both, profit before tax for the second half was essentially break-even.

Looking at the year, revenues at £26.1m were 21% below the prior year, with a loss before tax of £2.3m, including £0.8m restructuring costs.

The lower activity enabled working capital to be reduced, capital spend was constrained to the diminished business opportunity and, despite the loss for the year, net debt decreased from £5.4m to £4.6m.

KEVIN NOLAN
CHIEF EXECUTIVE

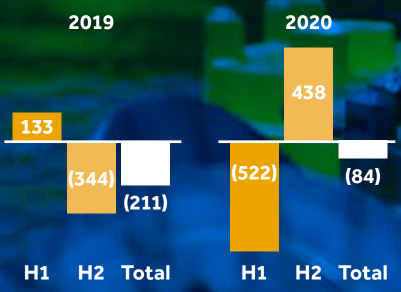
15 April 2021

PERFORMANCE REVIEW

FOUNDRY Division

Our three foundry division sites cast a range of products ranging from 1kg up to 6,000kg and deliver castings with complex geometry and challenging metallurgy.

Operating (loss)/profit

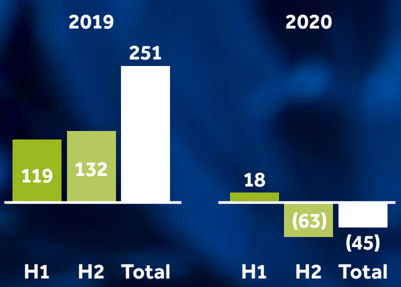


Revenue split

ENGINEERING Division

Our engineering site produces lighting for use in hazardous and explosive environments and other industrial applications.

Operating (loss)/profit



Revenue split

MEASUREMENTS AND TARGETS

Business performance is measured through Group-wide targets and improvement measures.

Each Chamberlin business unit participates in an annual round of planning meetings with the Executive Management, during which performance and future plans for that business are reviewed and updated.These business plans are all aligned with the Group business strategy and include specific local and divisional targets and key performance indicators ('KPIs').

In addition, individual business reviews take place throughout the year on a regular basis enabling the Board to assess performance against tactical and strategic milestones.

Key Performance Indicators (KPIs)

KPIs are used to measure and evaluate Group performance against targets and monitor various activities throughout the Group. The main key performance indicators employed in the Group are set out below:

KPI		Foundries	Engineering	GROUP Year ended 31 March 2020
RETURN ON SALES (%)	The ratio of the segment's trading profit to the segment's sales. The trading profit is defined in the segmental analysis in Note 3.	**(0.4)** 2020 (0.4) 2019 (0.7)	**(1.5)** 2020 (1.5) 2019 6.9	**(4.3)** 2020 (4.3) 2019 (3.1)
CASH FLOW (£M)	The net decrease/ (increase) in net debt			**0.8** 2020 0.8 2019 4.2
RETURN ON NET ASSETS (%)	The ratio of the segment's trading profit to the segment's net assets (as analysed in Note 3).	**(1.0)** 2020 (1.0) 2019 (1.9)	**(10.1)** 2020 (10.1) 2019 41.4	**(44.2)** 2020 (44.2) 2019 (20.7)
SALES PER EMPLOYEE (£000)	The ratio of the segment's sales to the segment's average number of employees.	**100.0** 2020 100.0 2019 104.1	**108.5** 2020 108.5 2019 109.5	**97.2** 2020 97.2 2019 100.8
ACCIDENT FREQUENCY RATE	The number of accidents per 100,000 hours worked averaged for the full year.	**9.4** 2020 9.4 2019 17.0	**2.1** 2020 2.1 2019 2.2	**8.6** 2020 8.6 2019 13.2

The Directors note that the KPIs reflect the trading conditions of the Group during the year.

Calculations are based on numbers disclosed in the segmental analysis in Note 3 to the accounts and are shown before non-underlying items as detailed in Note 11 to the accounts. The Group percentages incorporate shared costs.

PRINCIPAL RISKS AND UNCERTAINTIES

Management throughout the Group uses a common model to identify and assess the impact of risks to their businesses. The Group's risk management process is described further in the Corporate Governance Report on pages 12 to 15.

Risk	Description of risk & potential impact	Mitigation
COVID-19	Global pandemic (also known as the coronavirus) has had a severe impact world-wide on both product demand, human behaviour and also working practices.	The Group is managing the business, especially cash, extremely closely, and has taken various actions to mitigate the impact of COVID-19. It has taken advantage of various Government financial initiatives such as the Job Retention Scheme and deferment of VAT payments. The Group has revisited working practices, such as social distancing from fellow employees and working from home,and have adjusted said practices accordingly.
Brexit/foreign currency fluctuation	Approximately 63% of Group revenue is derived in Euros. Significant Brexit disruption in the event of no trade deal with the EU could lead to exchange rate fluctuations and the imposition of tariffs on goods sold to and purchased from the EU which could have a material impact on the financial performance of the Group.	The Group sells Euros forward in order to provide an effective hedge. The Group continues to monitor and assess the potential post-Brexit trading relationships with EU member states.
Machine shop capacity utilisation	As mentioned in the outlook statement, a major customer has informed Chamberlin of an earlier than planned transition to the next product evolution, with the new product awarded to another supplier. This reduction in revenue could have a material impact on the financial performance of the Group.	A claim is being pursued against the customer for breach of contract, costs are being minimised, and additional business opportunities to increase revenue are being actively sought.
Raw material pricing fluctuation	The price of many raw materials is dependent upon movements in commodity prices, especially iron.	The Group negotiates, where appropriate, price surcharge arrangements into its customer contracts.
Failure of our health, safety and environmental ('HSE') controls resulting in harm to employees or other stakeholders	We recognise that we have a duty of care to our employees. We have made great progress in recent years but understand the impact on our employees from the failure of this obligation. This could result in injury or death to our employees or to others and environmental damage with the consequential impact of reputational damage and risk of regulator action.	Established processes are in place to ensure that health, safety and environmental matters are appropriately addressed and any such risks are minimised including monthly reporting to, and review at the Executive Committee. Specialist HSE employees provide support and guidance to businesses including the conduct of regular risk control and health and safety audits.
IT failure/system collapse and loss of data	We utilise a significant number of IT systems to support the Group's production, technology, marketing, sales and financial functions. Failure of any of the systems, corruptions or loss of data could have a major impact on operations.	Development and regular testing of business continuity plans. Ensuring business continuity plans are robust and address temporary unavailability of IT systems. Strategy to upgrade and replace key systems.
Market deterioration	We are a capital intensive business with a high level of fixed costs. Deterioration in our key markets could have a material impact on the financial performance of the Group.	The Group sells into a wide variety of different markets, selling a diversified product range. We strive to work with our key customers to introduce new products and are constantly seeking to identify new business segments and geographical locations into which to sell our products.
Production failures	Due to the complex technical nature and fine production tolerances of our products, an unstable production process can result in significant scrap, which could have a significantly adverse impact on results.	The Group seeks to employ a skilled workforce backed by a highly experienced technical and production team in order to provide the relevant experience and skill set to mitigate any production failures.

The Group's approach to managing other financial risk is set out in Note 24 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Director's statutory duties

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Group under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the group. This S172 statement, which is reported for the first time, explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The Board of Directors, in the course of their collective and individual daily activities and decision- making, are continually mindful of their duties under S172 to act in good faith, in a way that promotes the success of the Company for the benefit of its members and other key stakeholders. In order to fulfil their duties, the Board has regard to the following matters:

Matter	Board's approach	Further details
The likely consequence of any decision in the long term	Each year, the Board produces a three-year strategic plan that establishes the future direction and goals of the business. This strategic review provides the guiding principles for decisions that need to be made on a day to day basis.	Paragraph 9 of the Corporate Governance Report on page 14.
The interests of the Company's employees	The Board recognises that the Group's employees are fundamental to the successful delivery of its strategic objectives. The Board is particularly aware that the nature of foundry operations means that the working environment of our employees can be challenging and therefore health and safety issues are always a priority.	Paragraph 3 of the Corporate Governance Report on page 12. Paragraph (a) of the Directors' Report on page 18.
The need to foster business relationships with suppliers, customers and others	The success of the business is dependent upon strong relationships with our customers and suppliers. We work closely with customers to understand their needs and to provide products that meet the exacting standards they require. Day to day management of customer and supplier relationships is delegated to business unit senior management, with the Chief Executive and Finance Director providing support and guidance where required.	Paragraph 3 of the Corporate Governance Report on page 12.
The impact of the Company's actions on the community and the environment	The Board is mindful of it's obligations to the wider community in which it operates and the impact on the environment of our operations, particularly in relation to the Foundry division given the nature of the business. The environmental impact of our operations are carefully monitored and regular discussions are held with local councils and communities, in particular in relation to air quality issues which are a bi-product of the production process.	Paragraph 3 of the Corporate Governance Report on page 12. Paragraph (b) of the Directors' Report on page 18.
Maintaining high standards of business conduct	The Board promotes a culture of high standards, ethics and integrity in all of its business dealings and expects all employees to act appropriately in all dealings with external parties.	Paragraph 8 of the Corporate Governance Report on page 14.
The need to act fairly between shareholders	The Board believes that all shareholders should be treated equally, with no particular group of shareholders unfairly favoured over any other. The Board believes that open communication with all shareholders is key to achieving this objective.	Paragraph 2 on page 12 and paragraph 10 on page 15 of the Corporate Governance Report.

KEVIN NOLAN
CHIEF EXECUTIVE

15 April 2021

GOVERNANCE

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Directors' Remuneration Report	**16–17**
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THE BOARD

EXECUTIVE DIRECTORS

KEVIN NOLAN

Aged 64, Kevin joined the Board and was appointed Chief Executive on 9 September 2013. Kevin has over 30 years' senior level experience in the engineering sector and joined Chamberlin from global materials engineering group, Wall Colmonoy Ltd, where he was Managing Director. He previously worked for Doncasters Group Ltd, the international engineering group that manufactures precision components and assemblies, where he successfully led the expansion of a number of the Group's business units and latterly was appointed Divisional Managing Director of Doncasters' largest division, Doncasters Turbine Airfoils and Structural Castings Division.

NEIL DAVIES

Aged 52, Neil joined the Board and was appointed Finance Director and Company Secretary on 10 December 2018. Neil has over 20 years' experience in senior finance roles within high volume manufacturing. He joined Chamberlin from International Automotive Components Group, the international supplier of interior systems and components to the global automotive sector, where he was Finance Director for six years. Prior to that, he was UK Finance Director of Mann+Hummel (UK) Limited, the German manufacturing group. In his earlier career, Neil worked in the petro-chemical sector, most notably for Shell, Air Products and Invensys. Neil, a member of the Chartered Institute of Management Accountants, is also the Company Secretary.

INDEPENDENT NON-EXECUTIVE DIRECTORS

KEITH BUTLER-WHEELHOUSE

Aged 75, Keith joined the Board and was appointed Non-Executive Chairman in March 2012. Previously Keith was Chief Executive of Smiths Group plc, Saab Automobile Sweden and Delta Motor Corporation South Africa. He is currently Non-Executive Director of Plastics Capital plc and previously served as a Non-Executive Director with Atlas Copco AB, General Motors Europe, J Sainsbury plc and NIU Solutions.

DAVID FLOWERDAY

Aged 68, David joined the Board in April 2018. He previously held positions of Strategy Director, Group Financial Controller, and Flex-tek Managing Director at Smiths Group plc. He currently is a strategy consultant and additionally is Chairman of Dartmouth Trust. David is Chairman of the Remuneration Committee and the Audit Committee and a member of the Nominations Committee.

TREVOR BROWN

Aged 74. Trevor Brown was appointed to the Board in March 2021 and has worked as a director in a number of businesses over many years and is currently CEO of IQ-AI Limited and CEO of Braveheart Investment Group plc. He was previously a director of Feedback plc, Management Resource Solutions plc, Advanced Oncotherapy plc and Non-Executive Director of Remote Monitored Systems plc.

CORPORATE GOVERNANCE REPORT

Governance Statement

The Board of Directors of the Company fully endorses the importance of good corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code (2018) (the "QCA Code"), which they believe is the most appropriate recognised governance code for a company of its size with shares admitted to trading on the AIM market of the London Stock Exchange. The QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.. Details of the Group's compliance with the code are set out below:

1. Establish a strategy and business model which promote long-term value for Shareholders

Chamberlin is a well-established specialist provider of small and large castings in the Tier 2 automotive sector (automotive turbocharger market) and high-quality lighting for hazardous areas and industrial applications.

The Group has a strong revenue model with the majority of revenue arising from recurring agreements.

Further details are provided in the Chairman's' Statement, Chief Executive's Business Review and Strategic Report.

2. Seek to understand and meet Shareholder needs and expectations

Chamberlin highly values regular two-way engagement with Shareholders to discuss strategy and performance levels. The Executive Directors invest considerable time in ensuring both current and potential future investors have the opportunity to fully understand the business alongside being able to understand the needs of investors and analysts.

We offer to meet with all institutional investors that wish to do so at least twice a year in the results period. These meetings include a presentation of the latest financial performance, a wider business update and discussion on the longer-term plan. These meetings are normally attended by the Group Chief Executive and Group Finance Director. We also welcome engagement with our key Shareholders throughout the year.

We answer and respond to any Shareholder calls or correspondence on an individual and personal basis as they are received and then endeavour to keep in contact with the Shareholder.

The AGM presents the main opportunity for engagement with private Shareholders. This meeting is typically well attended by the Board and often several senior managers from across the business.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Chamberlin aims to ensure that the highest standards of corporate behaviour are maintained throughout its business. We do this through monitoring and actively managing our impact on the locations where we operate and our relationships with key stakeholders. The main mechanisms for wider stakeholder engagement and feedback can be summarised as follows:

Health and Safety

Health and safety is a key issue for the board, management and employees. Our policies require all sites to operate to high standards with the objective of continuous improvement in health and safety performance.

Health and safety management is aligned to the operations of the business. All employees are responsible for ensuring that health and safety policies are implemented and for identifying opportunities for improvement. The business is supported in this by a number a qualified health and safety professionals.

All sites are required to report on health and safety performance on a monthly basis to the Board. The key health and safety performance indicators focus on accident reporting. These indicators are used to monitor the effectiveness the health and safety systems and to drive improvements. Health and safety is the first standard agenda item at all Board meetings.

Suppliers

The third-party supply base can be the key to the success of the Chamberlin business. As such, there are processes in place within each of the business units to actively manage supplier relationships in the normal course of business, taking appropriate feedback and developing actions as necessary.

Employees

The Group's employment policy includes a commitment to the principles of equal opportunity for all, and specifically prohibits discrimination of any type. Our policy is always to ensure that all persons are treated fairly irrespective of their colour, race, sex, sexual orientation, age or youth, religion, political beliefs, trade union membership or non-membership, marital and physical or mental status or any other factors including pregnancy and maternity. Chamberlin aims to involve its employees in the activities of the business.

Employees are informed of business performance via a number of routes including shop floor visual performance charts, management/employee briefings, dialogue with trade union representatives and health and safety meetings.

Community

Chamberlin recognises the role that local communities play in our business, and we aim to be a responsible partner in the localities in which we operate throughout the UK. We encourage all of our businesses to support the needs of their local communities through contributing to local charities and community initiatives.

Examples of recent initiatives include:

- Involvement of our employees on the governing boards of local schools and colleges;
- Partnership with a local further education college to develop in house training facilities;
- Sponsorship of local initiatives such as funding a school football team and a children's garden project.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Financial control

The Group has an established framework of financial controls, the effectiveness of which is reviewed regularly by senior management, the Board and the Audit Committee. Key areas of control are as follows:

- The Board has responsibility for approving all annual budgets, longer-term strategy and plans, dividend policy, financial and funding structure of the Group and any material investments.
- Key performance metrics are reported to the Executive Directors weekly, including invoicing, sales orders, order book and cash.
- Financial performance on a monthly basis is reported to the Board comparing to forecast, budget and prior year.
- There is a comprehensive forecast process in place providing the Board with an updated view of the likely performance for the financial year on a monthly basis (in the absence of ad hoc material events) including revenue, profit and cash.
- Monthly management meetings are held with each business in the Group, chaired by the Group Chief Executive.
- A robust system of controls exist to cover all types of cost including recruitment, promotions, salary costs and capital expenditure. All payments are approved by senior finance staff.
- Return on investment and payback are tracked for all prior acquisitions as well as other types of investments. These are reported to the Board on a monthly basis.

Other controls

The Board continually reviews whether the system of controls and risk management in place is appropriate for the size, complexity and risk profile of the Group. The controls currently in place include:

- Monthly management meetings for each business, chaired by the Group Chief Executive and attended by the Group Finance Director, provide the mechanism for reporting identified risks and setting required actions to mitigate. Any risks of a material nature are then reported to the Board through the monthly Board meeting. These meetings incorporate a monthly health and safety review meeting in which each site responsible officer reports on current status against set criteria. A monthly health and safety dashboard is also reported to the Board. These mechanisms facilitate ensuring each site has appropriate roles and processes in place including first aiders, fire wardens, regular fire alarm tests and regular health and safety checks.
- All contracts are approved by the Finance Director prior to signing.
- Dedicated resource and appropriate tools are in place that proactively monitor the Group's IT infrastructure to ensure high levels of security are maintained, as well as looking to continually improve. This is reviewed at regular intervals with the Group Finance Director.

A summary of the Group's principal risks, potential impact and mitigations are included in the Strategic Report.

5. Maintain the Board as a well-functioning balanced team led by the Chair;

The Board has been led by the Chairman, Keith Butler-Wheelhouse, since 2012 and comprises two Executive Directors and three Non-Executive Directors. Board decisions are made at regular Board meetings following discussions between all five Directors, with the Non-Executive Directors providing the necessary challenge and balance to proposals made by the Executive Directors.

6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities

Details of the Director's careers and experience can be found on page 11 The Board.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Directors consider seriously the effectiveness of the Board, Committees and individual performance.

The Board meets formally seven times a year with ad hoc Board meetings as the business demands. Details of the Directors' attendance at board meetings are set out on page 15. There is a strong flow of communication between the Directors, in particular the relationship between the CEO and Chairman. The agenda is set with the consultation of both the CEO and Chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Papers are circulated well in advance of the meetings, giving Directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up.

In addition to the above, the Directors have a wide knowledge of the business and requirements of director's fiduciary duties. The Directors have access to the Company's NOMAD and auditors.

On-going review of the functioning of the Board and ensuring that the highest level of governance is maintained whilst being mindful of the size and stage of development of the Company. The Board has not to date adopted a board performance evaluation process however this is something that the Board may consider in future.

The Board and executives' performance will be judged on the delivery of certain desired outcomes as summarised in the annual report.

8. Promote a corporate culture that is based on ethical values and behaviours

All Directors, managers and employees at Chamberlin plc are required to exercise high standards of ethics and integrity in conducting the Group's business. Specifically they should adhere to both the letter and spirit of relevant laws and regulations. The Group applies these standards to all of its dealings with customers, suppliers, employees and other stakeholders.

The Board has adopted a Whistleblowing Policy and Procedure, to encourage employees to raise concerns about misconduct or malpractice, and to ensure that such concerns can be reviewed and considered fairly and properly. This forms part of the Board's processes for monitoring adherence to the ethical values and behaviours expected from the Group's employees.

The Board has recently introduced formal anti-bribery policies and procedures to comply with the requirements of the Bribery Act 2010.

The Group values its reputation for ethical behaviour and for honesty and transparency. Its aim therefore is to limit its exposure to bribery by:

- Setting out a clear anti-bribery policy;
- Encouraging its employees to be vigilant and to report any suspicion of bribery;
- Rigorously investigating instances of alleged bribery and assisting the police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. No one individual has unfettered powers of decision. The roles of Chairman and CEO are split in accordance with best practice.

The Chairman has the responsibility of ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives.

The role of the CEO is to provide the vision for the strategic direction of the Group and to ensure that the Group has sufficient resources to be able to deliver its strategy and goals. The CEO is responsible for the day to day running of the Group, providing leadership to the senior management team and establishing a framework that enables the Group to operate in an efficient manner to achieve its objectives and in line with the strategy. The CEO is also responsible for ensuring that appropriate risk management policies and procedures are implemented to minimise exposure risk, be they financial, ethical, environmental, health and safety or operational risks.

The Audit Committee, which consists of two Non-Executive Directors, David Flowerday (Chairman) and Keith Butler-Wheelhouse, meets at least twice per year with the external auditors in attendance when required. It has formal terms of reference which include reviewing and monitoring internal financial control and risk management systems, consideration of the annual, interim and auditor's reports and making recommendations to the Board in relation to the appointment and remuneration of auditors. The Audit Committee also assists the Board in ensuring that appropriate accounting policies, financial systems, internal controls and compliance procedures are in place. It also reviews the relationship between the Group and the external auditors in terms of the provision of non-audit services and ensuring that auditor independence and objectivity is maintained.

The auditors have direct access to the Chairman of the Audit Committee and a formal "whistle-blowing" policy is in operation, in relation to any concerns staff may have concerning the propriety of Group operations and activities. No issues or incidents have come to light as a result of this policy. All proposals for the provision of non-audit services by the external auditor are pre-approved by the Audit Committee or its delegated member, the overriding consideration being to ensure that the provision of non-audit services does not impact the external auditor's independence and objectivity.

The Remuneration Committee comprises two Non-Executive Directors: David Flowerday (Chairman) and Keith Butler-Wheelhouse. The committee meets when necessary, usually at least twice per year, and is responsible for determining the remuneration packages of the Executive Directors and of the Chairman.

The Board retains full and effective control over the Company and holds regular Board meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues, including reserved matters such as acquisitions and disposals, the raising of finance, entry or exit to and from key markets and all commercial and legal matters impacting the Group.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Details of the Company's Governance structure is contained within this report and our compliance with the QCA code is also published on our website.

The performance of the business is communicated to shareholders through the Annual Report, which together with the notice of AGM, interim report and regulatory announcements released throughout the year are available to all shareholders and can be downloaded from the investors section of our website. The website also includes interim and annual reports issued for at least the last five years.

We update shareholders via notifications to the market through a regulatory news service ("RNS") on matters of a material substance and regulatory nature.

The primary contact for shareholders in the first instance is the Chairman of the Board, who can be contacted via the contact details on the corporate website.

Summary of attendance at meetings

	Board meetings	Nominations Committee	Remuneration Committee	Audit Committee
Number of meetings in the year	7	1	1	2
Trevor Brown	Note 1	Note 1	Note 1	Note 1
Keith Butler-Wheelhouse	7	1	1	2
Neil Davies	7	n/a	n/a	2
Keith Jackson	3	1	1	1
David Flowerday	7	–	1	2
Kevin Nolan	7	1	n/a	2

Note 1 Appointed 8 March 2021

n/a – indicates that a Director was not a member of a particular committee.

By order of the Board

NEIL DAVIES
COMPANY SECRETARY

15 APRIL 2021

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The Remuneration Committee comprises two Non-Executive Directors: David Flowerday (Chairman) and Keith Butler-Wheelhouse, following the retirement of Keith Jackson on 23 July 2019. The Committee meets when necessary, usually at least twice per year, and is responsible for determining the remuneration packages of the Executive Directors and of the Chairman.

COVID-19 Response

The Remuneration Committee resolved that sacrifices at senior level were required, bearing in mind the serious threat to the Company. Accordingly, the Chairman has agreed to reduce his fee to £30,000 per annum, and Mr Flowerday has agreed to reduce his to £15,000 per annum. The total non-executive remuneration has now reduced to about a third of the level a year previously. The Committee has also resolved that the 2019/20 Executive bonus plan be suspended.

Policy on Remuneration of Executive Directors and Senior Executives

The Committee aims to ensure that remuneration packages offered are designed to attract, maintain and motivate high-calibre Directors and senior executives, without paying more than necessary for the purpose. The remuneration policy attempts to match the interests of the Executives with those of Shareholders by providing:

(a) Basic salary and benefits

Executive Directors' basic salaries are reviewed each year, taking into account the performance of the individual and rates of salary for similar jobs in companies of comparable size. The main benefits provided are a company car allowance and health insurance.

The Company operates a defined contribution pension scheme for the majority of its employees, including Executive Directors. No performance-related bonuses nor benefits in kind are included in pensionable salary.

(b) Annual performance-related bonus scheme

In order to link executive remuneration to Group performance, Executive Directors participate in bonus schemes appropriate to their objectives. For the year ended 31 March 2020 the bonus in respect of Kevin Nolan and Neil Davies was linked to Group profit and net debt and the achievement of personal objectives. The maximum amount of bonus payable is 100% of their basic salary.

(c) Share options

No new options have been granted in the year to 31 March 2020.

Service Contracts

All Executive Directors who served during the year have rolling service contracts terminable on no more than one year's notice.

Non-Executive Directors

Remuneration of the Non-Executive Directors, apart from the Chairman, is approved each year by the Chairman and the Executive Directors. The Chairman's remuneration is approved by the Remuneration Committee.

Directors' Remuneration

	Basic salary £000	Benefits £000	Annual bonus £000	Total remuneration excluding pensions 2020 £000	Total remuneration excluding pensions 2019 £000
Executive					
Kevin Nolan*	221	2	–	**223**	244
Neil Davies	161	1	–	**162**	64
David Roberts	–	–	–	**–**	116
Non-Executive					
Trevor Brown***	–	–	–	**–**	–
Keith Butler-Wheelhouse	56	–	–	**56**	75
Keith Jackson**	10	–	–	**10**	30
David Flowerday	26	–	–	**26**	30
Total 2020	**474**	**3**	**–**	**477**	
Total 2019	525	3	31		559

* Highest paid Director in 2020 and 2019.

** Retired 23 July 2019.

*** Appointed 8 March 2021

Benefits include all assessable tax benefits arising from employment by the Company, and relate mainly to the provision of private medical insurance. The figures above represent emoluments earned as Directors during the relevant financial year. Such emoluments are paid in the same financial year with the exception of bonuses, which are paid in the year following that in which they are earned.

Directors' Pensions

No retirement benefits accrued during the year, or prior years, to Directors under the Chamberlin & Hill Staff Pension and Life Assurance Scheme (2019: nil), which is a closed defined benefit scheme.

Contributions into personal pension plans

	Percentage of basic salary	Contribution paid 2020 £000	Contribution paid 2019 £000
Kevin Nolan	10%	**21**	21
Neil Davies	10%	**15**	5

For Directors who have served during the year, no other pension contributions were paid other than as disclosed above.

Directors' Options

	31 March 2019	Granted in year	Exercised in year	Lapsed or forfeited in year	31 March 2020	Option exercise price	Exercisable between
Kevin Nolan	207,363	–	–	(207,363)	**–**	25.0p*	14.12.19 – 14.12.26
Kevin Nolan	216,616	–	–	–	**216,616**	97.5p	19.06.21 – 19.06.28
	423,979	–	–	(207,363)	**216,616**		

* These options were initially granted at a nil exercise price. The options were with the agreement of the holders reissued during 2019 at a 25p exercise price.

The options will normally become exercisable on or after the third anniversary of the date of grant subject to the satisfaction of performance conditions set by the Remuneration Committee of the Company at the time of grant. The proportion of awards that become exercisable varies on a straight-line basis, from 20% to 100%, depending upon the average share price in the three-month period ending on the anniversary of the date of grant. A share price of 80p is required for 20% of the options to be exercisable and 120p for 100% of the options to be exercisable.

No new options were granted during the year.

No consideration is payable for the grant of an option.

No share options have been exercised in 2020 or 2019.

There have been no changes in the interests set out above between 1 April 2020 and 15 April 2021.

The mid-market price of the shares at 31 March 2020 was 18.0p and during the year ranged between 18.0p and 44.0p.

On behalf of the Board

DAVID FLOWERDAY
CHAIRMAN, REMUNERATION COMMITTEE

15 April 2021

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 March 2020.

The Company is registered in England and its registration number is 00076928.

(a) Employees

Staff numbers and associated costs are shown in Note 5 to the accounts. The segmental split of the average number of employees is as follows:

	Year to 31 March 2020	Year to 31 March 2019
Foundries	**231**	282
Engineering	**28**	33
Head office*	**10**	12
Group	**269**	327

* includes Non-Executive Directors.

The Group's employment policy includes a commitment to the principles of equal opportunity for all, and specifically prohibits discrimination of any type. Our policy is always to ensure that all persons are treated fairly irrespective of their colour, race, sex, sexual orientation, age or youth, religion, political beliefs, trade union membership or non-membership, marital and physical or mental status, or any other factors including pregnancy and maternity.

In particular, the Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. We endeavour to provide those who have physical or mental disabilities with specific assistance, and arrangements are made to enable them to work for us wherever and whenever this is reasonably practical. We expect all employees to comply in every respect with the Group's employment policies at all times.

The Group has arrangements in place for the involvement of all employees in the activities of the business, including management/employee briefings, dialogue with trade union representatives and health and safety meetings. A safety policy is in place throughout the Group and all employees are required to be aware of their responsibilities under the Health and Safety at Work Act. A copy of the policy and all relevant Codes of Practice are available at the workplace. It is the policy of the Group to recognise that the training of employees is important to the efficiency of the business and each employee's welfare and safety. Promotion is encouraged within the organisation and it is Group policy to promote from within wherever this is appropriate.

(b) Environment

The Board recognises that our operations have an effect on the local, regional and global environment, and as a consequence of this, the Board is committed to continuous improvements in environmental performance and the prevention of pollution.

Specifically, the Group has and will:

→ comply with the requirements of all relevant environmental legislation, meeting any set emission limits and standards laid down, and use best available techniques in order to control impacts on the environment;

→ maintain and develop environmental management policies and practices to continually monitor and progress the minimisation of the effects of the business on the environment. Environmental management is considered to be a key part of the business strategy at all levels within the Group;

→ actively encourage the minimisation of waste from all aspects of the business and promote the benefits of recycling and re-use;

→ reduce energy use and emissions of carbon dioxide by increasing energy efficiency through all parts of the Group and to seek new opportunities of improving energy efficiency as part of the overall improvement of the business;

→ consider environmental factors in respect of the growth of the business, seeking as far as is practical to reduce harmful environmental impacts and to integrate new developments into the local environment; and

→ actively encourage the consideration of the environmental impact of all raw materials and services purchased by the business, and where practical to use the options with the least impact and to reduce the consumption of raw materials.

(c) Research and Development

The Group's research and development activities in the year, as in previous years, consist primarily of devising methods for achieving the casting of complex shaped and/or multi-cored products in the foundry businesses and the design and development of new products in our engineering business, principally hazardous area lighting products. The Board views such activities as key to the future prosperity of the business. Expenditure expensed through the income statement is shown in Note 7 and expenditure capitalised in Note 13 to the accounts.

Financial instruments
The Company's policy in respect of financial instruments is disclosed in Note 24.

Dividends
The Directors do not recommend the payment of a final dividend (2019: nil p). No interim dividend (2019: nil p) has been paid during the year.

Directors
Details of the Directors of the Company and their interests in the shares of the Company are shown below. The interests of the Directors in share options are shown in the Directors' Remuneration Report on page 17.

See Board of Directors on page 11 for details of all Directors during the year, including appointments and resignations.

Directors' Shareholdings
Beneficial interests of the Directors in the shares of the Company, including those of their immediate families were:

	At 31 March 2020 Number of shares	At 31 March 2019 Number of shares
Trevor Brown	–	–
Keith Butler-Wheelhouse	120,127	120,127
Kevin Nolan	–	–
Neil Davies	–	–
David Flowerday	–	–

In the period between 1 April 2020 and 15 April 2021, Trevor Brown purchased 20,833,333 and Keith Butler-Wheellhouse purchased 500,000 ordinary shares of 0.1p each at a subscription price of 6p each. There have been no other changes in the above shareholdings.

Special Business at the Annual General Meeting

Directors' authority to allot shares
As in previous years, (and indeed at the recent general meeting held on 8 March 2021), approval will be sought to renew the authority given to the Directors to allot shares in the Company. Authority will be sought to allot shares in the Company up to an aggregate nominal amount of £23,208 (which represents approximately 33% of the issued ordinary share capital of the Company as at 15 April 2021). This limit is in line with the guidelines issued by the Association of British Insurers.

Authority will also be sought from Shareholders to allow the Directors to issue new shares for cash to persons other than to existing members up to a maximum nominal amount of £6,962. This sum represents 6,962,478 ordinary shares of 0.1 pence each, being equivalent to 10% of the issued share capital of the Company at 15 April 2021.

Authority to purchase own shares
At the Annual General Meeting in 2019, the Board was given authority to purchase and cancel up to 795,812 of its own shares representing just under 10% of the Company's then existing issued share capital, through market purchases on AIM. The maximum price to be paid on any exercise of the authority was restricted to 105% of the average of the middle market quotation for the shares for the five dealing days immediately preceding the day of a purchase. The minimum price that may be paid for each share is 25 pence (the then nominal value of an ordinary shares). No purchases have been made.

That authority to make market purchases has since expired. The Directors are now seeking the approval of Shareholders for the renewal of this authority upon the same terms, to allow the Company to purchase and cancel up to 6,962,478 of its own shares, again representing just under 10% of its issued share capital at 15 April 2021.

The authority is sought by way of a special resolution, details of which are also included at item 13 in the notice of meeting. This authority will only be exercised if the Directors, in the light of market conditions prevailing at the time, expect it to result in an increase in earnings per share, and if it is in the best interests of the Shareholders generally. Account will also be taken of the effect on gearing and the overall position of the Company.

These authorities are to be for the period commencing on the date of passing of the requisite resolutions until the earlier of the next Annual General Meeting and 15 months. The proposed resolutions are set out as items 10 to 13 in the notice of meeting on pages 79 and 80.

Significant Shareholders

At 15 April 2021, the Company was aware of the following interests of 3% or more of the Company's share capital, other than those of Directors:

	Number of shares	% of issued share capital
Chelverton UK Dividend Trust Plc	6,000,000	8.6
AXA Investment Managers S.A.	4,475,000	6.4

At the Annual General Meeting to be held on 8 June 2021 (see the Notice of Annual General Meeting on pages 79 and 80), all of the Directors will retire and, being eligible, offer themselves for election and re-election as applicable.

No Director had a material interest during the year in any significant contract with the Company or with any subsidiary undertaking. The Group provides indemnities to the Directors in respect of liabilities or claims arising in the performance of their duties. For all the Directors serving during the year, and up to the date of this Annual Report, there are indemnity arrangements in place with each Director in respect of costs defending civil, criminal and regulatory proceedings brought against them in their capacity as Directors, where not covered by insurance and subject always to the limitations set by the Companies Act 2006.

Directors' Responsibility Statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 and profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- → select suitable accounting policies and then apply them consistently;
- → make judgments and accounting estimates that are reasonable and prudent;
- → state whether applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- → prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

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

The Directors confirm that:

- → so far as each Director is aware there is no relevant audit information of which the Company's Auditor is unaware; and
- → the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The group is funded principally by an invoice finance facility of up to 90% of the value of outstanding invoices, subject to a maximum of £6.0m (previously £7.75m as this included the Exidor business which was sold in December 2018), and by £3.1m finance leases for major items of capital equipment. At the balance sheet date £1.9m was drawn under the invoice finance facility. The IF facility is a rolling contract with 3 months notice and has been in place for 7 years with no change in terms and conditions. It is reviewed annually every March but there was a post COVID-19 review in October 2020 where it was confirmed that the IF facility was renewed. The available headroom under the invoice finance facility at 31 March 2020 was £2.5m. As at 31 October 2020 the available headroom was £1.0m. Finance leases liabilities are repayable by 2025, with agreement from the bank for repayments to be deferred during the current COVID-19 crisis. The group also occupies various properties under right of use leases, the future payments giving rise to liabilities of £0.9m.

During April 2020, Chamberlin's two Walsall factories were mainly closed, and in this month the company incurred a loss before tax of £0.4m. Trading in subsequent months has been in line with expectations, although losses continue to be incurred but at a lower run rate compared to April.

The Group's detailed budget for the year ending 31 March 2022 and extended forecast for the six months to 30 September 2022 take into account the £3.3m net funds raised from the Share Placing and Subscription announced on 26 March 2021 and the Director's view of most likely trading conditions. These forecasts and projections indicate that existing bank facilities are expected to remain adequate. The budget and extended forecast provides for significant revenue growth in the second half of the year to 31 March 2022 and the six months to 30 September 2022, which is needed to replace the lost BorgWarner contracts. The budget includes the significant but necessary benefits and costs of the restructuring that will be required to right-size the cost-base to the lower level of revenue. As the implementation and delivery of the restructuring benefits and costs are within the control of the Directors, no downside sensitivities have been applied in relation to these. The Directors have, however, applied reasonably foreseeable downside sensitivities to the budget and forecast, which assumes that sales growth from October 2021 onwards is only 3% above the first half average and the machine shop has no sales output. In the detailed budget, extended forecast and sensitised scenario, the possible receipt of compensation from BorgWarner has been entirely discounted, as has any sales of no-longer required machinery.

As a consequence, after making enquiries, the Directors have an expectation that, in the circumstances of a reasonably foreseeable downside scenario as described above, the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

However, the rate at which new work can be secured to replace the lost BorgWarner activity is difficult to predict resulting in material uncertainty, which may cast significant doubt over the ability of the Group and the Company to realise its assets and discharge its liabilities in the normal course of business and hence continue as a going concern.

The Directors continue to adopt the going concern basis, whilst recognising there is material uncertainty relating to the above matter.

Matters Covered in the Strategic Report

Key performance indicators and principal risks have been covered in the Strategic Report.

Directors' Statement as to Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 11. Having made enquiries of fellow Directors and of the Company's Auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

Post Balance Sheet Events

On 16 December 2020, the Company announced that it had received notice from its major customer, BorgWarner Turbo Systems Worldwide Headquarters GmbH, of its intention to cancel all contracts with effect from 22 January 2021. Following this announcement, it became evident that the Company was not in a position to publish its 2020 Accounts by 31 December 2020 in accordance with AIM listing rules. Consequently, the Company's shares were suspended from trading on AIM with effect from 4 January 2021. Further details of the subsequent equity raise that secured the continuing solvency of the Group can be found in note 28.

Auditor

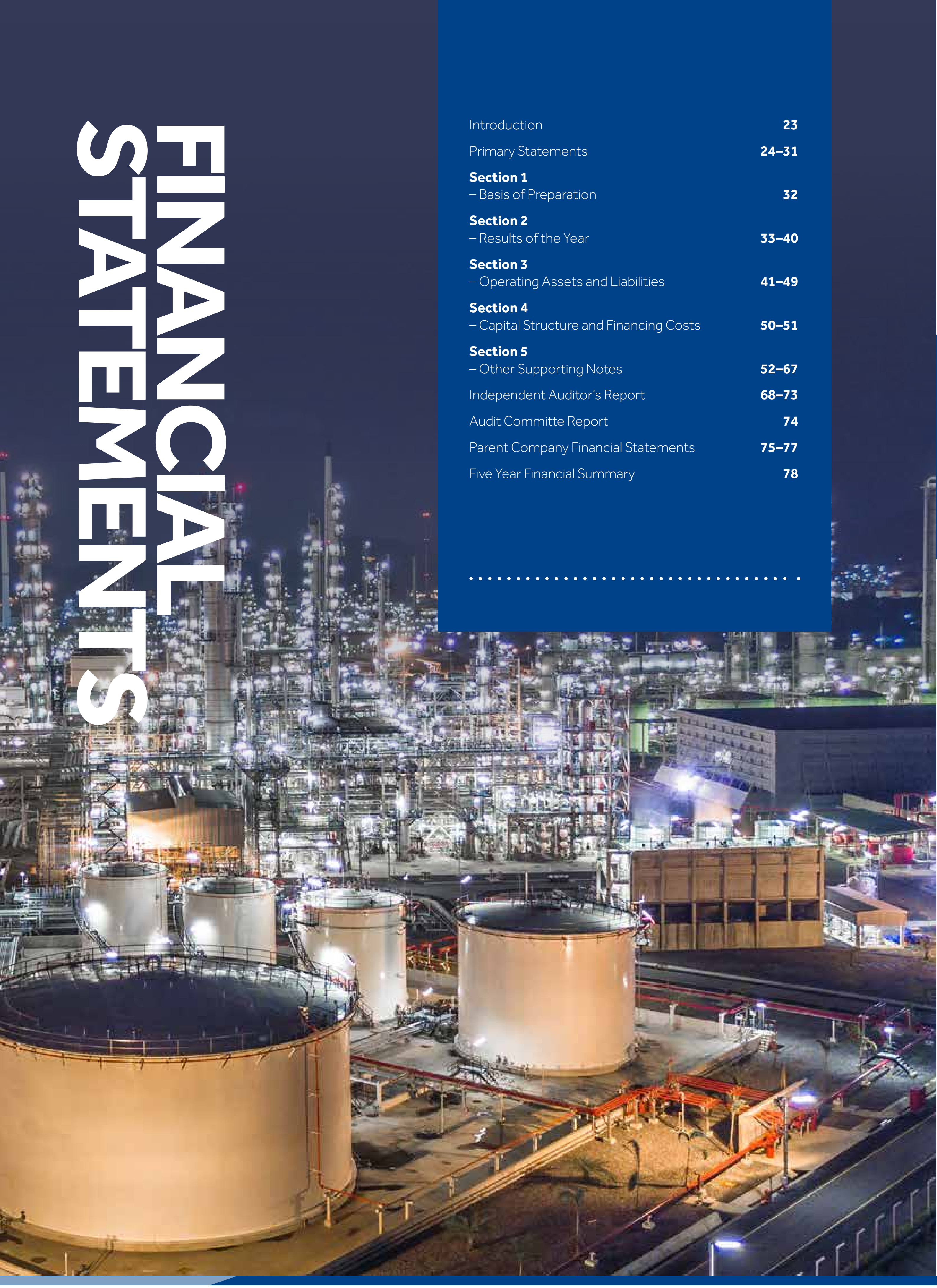
A resolution will be proposed to reappoint Grant Thornton UK LLP as Auditor and to authorise the Directors to determine their remuneration.

By order of the Board

NEIL DAVIES
COMPANY SECRETARY

15 April 2021

FINANCIAL STATEMENTS



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INTRODUCTION

NEIL DAVIES
FINANCE DIRECTOR

Welcome to the financial statements section of our Annual Report.

The Directors have included the annual financial review on the following pages as commentary on the primary statements.

While the accounting policies adopted by the Group are an important part of our Annual Report, we recognise that many readers of the financial statements prefer to use these as a reference tool. These policies are now included towards the end of the financial statements, rather than at the beginning.

We included 28 Notes to the Group financial statements in the previous year and while all of this information is necessary to ensure we comply with International Financial Reporting Standards, it does not always make it easy to find what you are looking for. We have therefore structured the notes into five categories (as outlined in the table of contents on the following pages) for easier navigation.

Introduction and Table of Contents

These financial statements have been presented in a manner which attempts to make them less complex and more relevant to Shareholders. We have grouped notes in sections under five headings: 'Basis of Preparation', 'Results of the Year', 'Operating Assets and Liabilities', 'Capital Structure and Financing Costs' and 'Other Notes'. The purpose of this format is to provide readers with a clear understanding of what drives the financial performance of the Group.

Notes to the financial statements provide additional information required by statute or accounting standards to explain a particular feature of the financial statements. The notes that follow will also provide explanations and additional disclosure to assist readers' understanding and interpretation of the Annual Report and the financial statements.

NEIL DAVIES
FINANCE DIRECTOR
15 April 2021

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020 Underlying £000	Non-underlying* £000	Total £000	Year ended 31 March 2019 Underlying £000	Non-underlying* £000	Total £000
Revenue	3	**26,143**	**–**	**26,143**	32,958	–	32,958
Cost of sales		**(23,632)**	**–**	**(23,632)**	(29,192)	–	(29,192)
Gross profit		**2,511**	**–**	**2,511**	3,766	–	3,766
Other operating expenses	4	**(3,635)**	**(909)**	**(4,544)**	(4,776)	(3,448)	(8,224)
Operating loss		**(1,124)**	**(909)**	**(2,033)**	(1,010)	(3,448)	(4,458)
Finance costs	6	**(310)**	**–**	**(310)**	(499)	–	(499)
Loss before tax		**(1,434)**	**(909)**	**(2,343)**	(1,509)	(3,448)	(4,957)
Tax (expense)/credit	8	**(50)**	**–**	**(50)**	(39)	87	48
Loss for the year from continuing operations		**(1,484)**	**(909)**	**(2,393)**	(1,548)	(3,361)	(4,909)
Discontinued operations	9						
Profit for the year from discontinued operations		**–**	**–**	**–**	–	6,435	6,435
(Loss)/profit for the year attributable to equity holders of the parent company		**(1,484)**	**(909)**	**(2,393)**	(1,548)	3,074	1,526
Underlying loss per share from continuing operations:							
Basic	10	**–**	**–**	**(18.7)p**	–	–	(19.5)p
Diluted	10	**–**	**–**	**(18.7)p**	–	–	(19.5)p
Earnings per share from discontinued operations:							
Basic	10	**–**	**–**	**–**	–	–	80.9p
Diluted	10	**–**	**–**	**–**	–	–	76.8p
Total (loss)/earnings per share:							
Basic	10	**–**	**–**	**(30.1)p**	–	–	19.2p
Diluted	10	**–**	**–**	**(30.1)p**	–	–	18.2p

* Non-underlying items include restructuring costs, hedge ineffectiveness, impairment, GMP equalisation, onerous leases and share-based payment costs together with the associated tax impact. Underlying and non-underlying figures for the year ended 31 March 2019 have been restated as detailed in Note 27.

COMMENTARY ON THE CONSOLIDATED INCOME STATEMENT

Overview

Revenue reduced by 21% during the year to £26.1m (2019: £33.0m) as trading conditions in our automotive market were challenging. Gross profit margin, defined as gross profit divided by revenue, decreased to 9.6% from 11.4% in 2019.

Underlying operating loss before tax only increased slightly to £1.1m (2019: £1.0m) despite the 21% reduction in revenue.

Financing costs were 38% lower than 2019 at £0.3m (2019: £0.5m) as a result of a reduction in net debt and a reduced finance cost of pensions on a lower deficit.

Underlying loss before tax of £1.4m (2019: £1.5m loss) was 5% lower than 2019 due primarily to the lower financing costs.

The statutory loss before tax of £2.3m (2019: loss of £5.0m) was 53% lower than 2019 as an asset impairment charge of £3.0m taken in 2019 was not repeated.

Non-underlying items

Non-underlying items in the year of £0.9m (2019: £3.4m) included £0.8m relating to the realignment of the cost base of the Group and £0.1m of foreign currency related hedge ineffectiveness resulting from Covid-19 induced revenue reductions.

Tax

The effective rate of taxation on a statutory basis was 2% compared to the mainstream corporation tax rate of 19%, primarily as a result of not recognising deferred tax on trading losses due to the inherent uncertainty surrounding future profitability.

Diluted loss per share

Underlying diluted loss per share from continuing operations of 18.7p (2019: 19.5p loss) was 4% lower than 2019, with total diluted loss per share of 30.1p (2019: earnings of 18.2p).

Foreign exchange

It is the Group's policy to minimise risk to exchange rate movements affecting sales and purchases by economically hedging or netting currency exposures at the time of commitment, or when there is a high probability of future commitment, using currency instruments (primarily forward exchange contracts). A proportion of forecast exposures are hedged depending on the level of confidence and hedging is topped up following regular reviews. On this basis up to 90% of the Group's annual exposures are likely to be hedged at any point in time and the Group's net transactional exposure to different currencies varies from time to time.

Approximately 63% of the Group's revenues are denominated in Euros. During the year to 31 March 2020, the average exchange rate used to translate into GBP Sterling was €1.15 (31 March 2019: €1.13).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
(Loss)/profit for the year		**(2,393)**	1,526
Other comprehensive income			
Movements in fair value of cash flow hedges taken to other comprehensive income		**(614)**	134
Ineffective portion of movement in cash flow hedges recycled to income statement		**138**	-
Deferred tax on movement in cash flow hedges	8	**81**	(23)
Net other comprehensive (expense)/income that may be recycled to profit and loss		**(395)**	111
Remeasurement gain on pension scheme assets and liabilities	21	**460**	76
Deferred tax on remeasurement gain on pension scheme	8	**(87)**	(15)
Net other comprehensive income that will not be recycled to profit and loss		**373**	61
Other comprehensive (expense)/income for the year net of tax		**(22)**	172
Total comprehensive (expense)/income for the year attributable to equity holders of the parent company		**(2,415)**	1,698

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Accounting Standards require certain gains and losses on assets and liabilities, instead of being recorded in the Consolidated Income Statement, to be credited or charged to reserves and recorded in the consolidated statement of other comprehensive income. In accordance with the amendment to IAS 1, these items are now allocated between those items that may and those items that may not eventually be recycled to the Consolidated Income Statement.

The settlement of cash flow hedge derivatives, which are used to protect the Group from foreign exchange exposure are subject to marked to market valuations, with the effective portion of movements included within the consolidated statement of comprehensive income. These items (including the related taxation effect) amounted to a loss of £0.4m in 2020 (2019: profit of £0.1m).

Remeasurement gains and losses relating to the Group's defined benefit pension obligations are also booked to other comprehensive income. These are explained in detail in Note 21 in Section 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Retained earnings £000	Attributable to equity holders of the parent £000
Balance at 1 April 2018	1,990	1,269	109	(15)	(197)	3,156
Profit for the year	–	–	–	–	1,526	1,526
Other comprehensive income for the year net of tax	–	–	–	111	61	172
Total comprehensive income	–			111	1,587	1,698
Share-based payment	–	–	–	–	40	40
Deferred tax on employee share options	–	–	–	–	(26)	(26)
Total of transactions with Shareholders	–	–	–	–	14	14
Balance at 1 April 2019	1,990	1,269	109	96	1,404	**4,868**
Loss for the year	–	–	–	–	(2,393)	**(2,393)**
Other comprehensive (expense)/income for the year net of tax	–	–	–	(395)	373	**(22)**
Total comprehensive expense	–	–	–	(395)	(2,020)	**(2,415)**
Share-based payment	–	–	–	–	59	**59**
Deferred tax on employee share options	–	–	–	–	33	**33**
Total of transactions with Shareholders	–	–	–	–	92	**92**
Balance at 31 March 2020	**1,990**	**1,269**	**109**	**(299)**	**(524)**	**2,545**

COMMENTARY ON CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Share premium account

The share premium account balance includes the proceeds that were above the nominal value from issuance of the Company's equity share capital .

Capital redemption reserve

The capital redemption reserve has arisen on the cancellation of previously issued shares and represents the nominal value of those shares cancelled.

Hedging reserve

The hedging reserve records the effective portion of the net change in the fair value of the cash flow hedging instruments related to hedged transactions that have not yet occurred.

Retained earnings

Retained earnings include the accumulated profits and losses arising from the Consolidated Income Statement and certain items from the Statement of Comprehensive Income attributable to equity Shareholders, less distributions to Shareholders.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2020

	Notes	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Property, plant and equipment	12	**7,209**	7,769
Intangible assets	13	**341**	290
Deferred tax asset	17	**611**	906
		8,161	8,965
Current assets			
Inventories	14	**2,589**	2,702
Trade and other receivables	15	**6,082**	6,052
Cash at bank		**457**	291
		9,128	9,045
Total assets		**17,289**	18,010
Current liabilities			
Financial liabilities	16	**3,028**	2,683
Trade and other payables	16	**7,481**	4,600
		10,509	7,283
Non current liabilities			
Financial liabilities	17	**2,037**	2,966
Deferred tax	17	**39**	53
Provisions	17	**200**	200
Defined benefit pension scheme deficit	21	**1,959**	2,640
		4,235	5,859
Total liabilities		**14,744**	13,142
Capital and reserves			
Share capital	18	**1,990**	1,990
Share premium		**1,269**	1,269
Capital redemption reserve		**109**	109
Hedging reserve		**(299)**	96
Retained earnings		**(524)**	1,404
Total equity		**2,545**	4,868
Total equity and liabilities		**17,289**	18,010

KEVIN NOLAN
NEIL DAVIES
DIRECTORS

The accounts were approved by the Board of Directors on 15 April 2021

COMMENTARY ON THE CONSOLIDATED BALANCE SHEET

Property, plant and equipment (PPE)

The net book value of the Group's investment in PPE at 31 March 2020 was £7.2m (2019: £7.8m). Capital expenditure on PPE of £0.3m (2019: £1.2m) represented 32% (2019: 71%) of depreciation of £1.0m (2019: £1.7m).

Working capital

Working capital, comprising inventories, trade and other receivables, and trade and other payables represented 5% of annual sales (2019: 13%) as at year-end.

Overdue receivables, defined as receivables that are past their agreed terms with the customer, at 31 March 2020 reduced to 2% (2019: 20%).

Pensions

The Group has one defined benefit pension scheme. It is closed to future accrual, with the Group operating a defined contribution pension scheme for its current employees.

The deficit for the defined benefit pension scheme at 31 March 2020 was £2.0m (2019: £2.6m).

The Group's defined benefit pension scheme was closed to future accrual in 2007. During the year the latest triennial valuation, as at 31 March 2019, was concluded and contributions were set at £0.3m for 2021, £0.33m for 2022 and £0.36m for 2023. The next triennial valuation is due as at 31 March 2022.

Administration costs of the defined benefit pension scheme were £0.2m in 2020 (2019: £0.2m), and are shown in other operating expenses. The Group cash contribution during the year was £0.3m (2019: £2.7m).

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	**Year ended 31 March 2020 £000**	Year ended 31 March 2019 £000
Operating activities			
Loss for the year before tax		**(2,343)**	(4,957)
Adjustments to reconcile (loss) for the year to net cash (outflow)/ inflow from operating activities:			
Net finance costs	6	**310**	499
Impairment charge on property, plant and equipment		**–**	3,043
Hedge ineffectiveness	11	**138**	–
Depreciation of property, plant and equipment	12	**980**	1,688
Amortisation of software	13	**52**	59
Amortisation and impairment of development costs	13	**25**	25
Profit on disposal of property, plant and equipment		**(12)**	–
Foreign exchange rate movements		**(91)**	–
Share-based payments	19	**59**	40
One-off contribution to defined benefit pension scheme		**–**	(2,500)
Difference between pension contributions paid and amounts recognised in the Consolidated Income Statement	21	**(279)**	25
Decrease/(increase) in inventories	14	**113**	(388)
(Increase)/decrease in receivables		**(95)**	419
Increase/(decrease) in payables		**2,265**	(1,332)
Corporation tax received		**424**	–
Net cash inflow/(outflow) from continuing operations		**1,546**	(3,379)
Cash inflow from discontinued operations		**–**	491
Net cash inflow/(outflow) from operating activities		**1,546**	(2,888)
Investing activities			
Purchase of property, plant and equipment	12	**(316)**	(1,188)
Purchase of software	13	**(20)**	–
Development costs	13	**(30)**	(22)
Disposal of property, plant and equipment		**12**	–
Proceeds from sale of subsidiary		**–**	8,520
Cash and cash equivalents disposed		**–**	(1,146)
Investing activities from discontinued operations		**–**	(125)
Net cash (outflow)/inflow from investing activities		**(354)**	6,039

	Note	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Financing activities			
Interest paid	6	**(252)**	(387)
Net invoice finance inflow/(outflow)	26	**279**	(1,832)
Import loan outflow		**–**	(873)
Principal element of lease payments		**(1,066)**	(781)
Finance leases taken		**–**	1,291
Financing activities from discontinued operations		**–**	207
Net cash outflow from financing activities		**(1,039)**	(2,375)
Net increase in cash and cash equivalents		**153**	776
Cash and cash equivalents at the start of the year		**291**	(485)
Impact of foreign exchange rate movements		**13**	–
Cash and cash equivalents at the end of the year	26	**457**	291
Cash and cash equivalents comprise:			
Cash at bank	26	**457**	291
		457	291

COMMENTARY ON THE CONSOLIDATED CASH FLOW STATEMENT

Operating Cash Flow

Operating cash inflow from continuing operations was £1.5m (2019: outflow of £3.4m). This included a contractually agreed advance payment from a customer of £1.5m and £0.4m of corporation tax refunds received during the year offset by restructuring costs of £0.7m.

Cash spent on property, plant and equipment and capitalised software and development costs in the year was £0.4m (2019: £1.2m).

Net proceeds from the sale of subsidiary in 2019 of £8.5m related to the disposal of Exidor Limited.

Interest paid of £0.3m (2019: £0.4m) was lower than 2019 due to lower average net debt in 2020.

Lease payments of £1.1m (2019: £0.8m) primarily relate to assets at the Group's machining facility.

Closing Net Debt

Net debt at 31 March 2020 decreased by £0.8m to £4.6m (2019: £5.4m). The Group debt facility has two elements: a £6.0m invoice discounting facility limited to 90% of outstanding invoice value and finance leases of £3.1m. The invoice discounting facility has the following covenant at year-end, which was complied with:

→ Without prior written consent of HSBC, no dividends are payable in the year ended 31 March 2020, and in subsequent years, prior written consent of HSBC is required for the payment of any dividends in excess of 50% of net profit after tax.

SECTION 1
BASIS OF PREPARATION

1 Authorisation of financial statements and statement of compliance with IFRS

The Group and Company's financial statements of Chamberlin Plc (the 'Company') for the year ended 31 March 2020 were authorised for issue by the Board of Directors on 15 April 2021, and the balance sheets were signed on the Board's behalf by Kevin Nolan and Neil Davies. The Company is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are admitted to trading on AIM, a market of the same name operated by the London Stock Exchange. However, as mentioned in the Post Balance Sheet Events paragraph of the Director's Report on page 21, the Company's shares were suspended from trading on AIM with effect from 4 January 2021.

The Group's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 'The Reduced Disclosure Framework'.

2 New standards adopted

There are no new accounting standards adopted in the year that have a material impact on the financial statements.

There are no new accounting standards effective in the next financial year that are expected to have a material impact on the financial statements.

SECTION 2
RESULTS OF THE YEAR

3 Segmental analysis

For management purposes, the Group is organised into two operating divisions according to the nature of the products and services. Operating segments within those divisions are combined on the basis of their similar long-term characteristics and the similar nature of their products, services and end users as follows:

The Foundries segment supplies iron castings, in raw or machined form, to a variety of industrial customers who incorporate the castings into their own products or carry out further machining or assembly operations on the castings before selling them on to their customers.

The Engineering segment supplies manufactured products to distributors and end-users operating in hazardous area and industrial lighting markets.

Management monitors the operating results of its divisions separately for the purposes of making decisions about resource allocation and performance assessment. The Chief Operating Decision Maker is the Chief Executive.

(i) By operating segment

	Segmental revenue		Segmental operating profit/(loss)	
Year ended	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Foundries	**23,106**	29,343	**(84)**	(211)
Engineering	**3,037**	3,615	**(45)**	251
Segment results	**26,143**	32,958	**(129)**	40
Reconciliation of reported segmental operating (loss)/profit				
Segment operating (loss)/profit			**(129)**	40
Shared costs			**(995)**	(1,050)
Non-underlying costs (Note 11)			**(909)**	(3,448)
Net finance costs (Note 6)			**(310)**	(499)
Loss before tax			**(2,343)**	(4,957)
Segmental assets				
Foundries			**14,974**	15,244
Engineering			**1,247**	1,402
			16,221	16,646
Segmental liabilities				
Foundries			**(6,880)**	(3,840)
Engineering			**(801)**	(794)
			(7,681)	(4,634)
Segmental net assets			**8,540**	12,012
Unallocated net liabilities			**(5,995)**	(7,144)
Total net assets			**2,545**	4,868

Unallocated net liabilities include the pension liability of £1,959,000 (2019: £2,640,000), financial liabilities of £4,608,000 (2019: £5,357,000) and deferred tax asset of £572,000 (2019: £853,000).

3 Segmental analysis continued

Capital expenditure, depreciation, amortisation and impairment

	Foundries		Engineering		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Capital additions						
Property, plant and equipment (Note 12)	**426**	1,047	**–**	8	**426**	1,055
Software (Note 13)	**97**	–	**1**	–	**98**	–
Development costs (Note 13)	**–**	–	**30**	22	**30**	22
Depreciation, amortisation and impairment						
Property, plant and equipment (Note 12)	**(965)**	(4,563)	**(15)**	(49)	**(980)**	(4,612)
Software (Note 13)	**(45)**	(52)	**(7)**	(7)	**(52)**	(59)
Development costs (Note 13)	**–**	–	**(25)**	(25)	**(25)**	(25)

(ii) Geographical information

Revenue by location of customer	2020 £000	2019 £000
United Kingdom	**9,008**	12,203
Italy	**2,051**	3,743
Germany	**2,602**	3,124
Rest of Europe	**11,863**	13,024
Other countries	**619**	864
	26,143	32,958

The Group's assets and costs are all located within the United Kingdom.

The Group has one individual customer in Italy that represents 8% of Group revenue (2019: 11%).

4 Other operating expenses

	2020 £000	2019 £000
Distribution costs	**386**	838
Administration and selling expenses	**3,249**	3,938
Operating expenses before exceptional items	**3,635**	4,776
Exceptional and non-underlying items (Note 11)	**909**	3,448
Operating expenses	**4,544**	8,224

5 Staff numbers and costs

The average number of people employed by the Group during the year was:	2020 Number	2019 Number
Management and administration	**40**	46
Production	**229**	281
Total employees	**269**	327

The aggregate employment costs, including redundancy, of these employees were as follows:

	2020 £000	2019 £000
Wages and salaries	**8,707**	12,176
Social security costs	**1,056**	1,183
Other pension costs (Note 21)	**396**	423
Share-based payment expense (Note 19)	**59**	40
	10,218	13,822

The average number of people employed by the Company during the year was:	2020 Number	2019 Number
Management and administration	10	12

The aggregate employment costs, including redundancy, of these employees were as follows:

	2020 £000	2019 £000
Wages and salaries	**818**	599
Social security costs	**95**	103
Other pension costs	**49**	52
Share-based payment expense (Note 19)	**59**	40
	1,021	794

Directors' remuneration summary	2020 £000	2019 £000
Directors' remuneration	477	559
Company contributions to money purchase pension scheme	36	37
Share-based payment charge of options granted to Directors (see Note 19)	59	40
Number of Directors accruing benefits under:	Number	Number
Defined contribution pension schemes	2	3

Directors' remuneration is analysed in detail in the Directors' Remuneration Report on pages 16 and 17.

The total amount payable to the highest paid Director in respect of remuneration was £223,000 (2019: £244,000). Company pension contributions of £21,000 (2019: £21,000) were made to a money purchase pension scheme on his behalf.

6 Finance costs

	2020 £000	2019 £000
Bank overdraft and invoice finance interest payable	**(164)**	(335)
Interest expense on lease liabilities and other interest payable	**(88)**	(52)
Finance cost of pensions (see Note 21)	**(58)**	(112)
	(310)	(499)

7 Operating profit/ (loss)

This is stated after charging/(crediting):	2020 £000	2019 £000
Profit on disposal of fixed assets	**(12)**	–
Depreciation of owned assets	**279**	1,030
Depreciation of right-of-use assets:		
Land and buildings	**88**	83
Plant and machinery	**587**	546
Motor vehicles	**26**	29
Software	**11**	-
Amortisation of owned software	**41**	59
Non-underlying items (Note 11)	**909**	3,448
Research and development expenditure (excluding capitalised development costs: Note 13)	**–**	–
Amortisation of development costs	**25**	25
Cost of inventories recognised as an expense	**10,863**	11,585
Exchange gain	**(91)**	(57)
Auditor's remuneration:		
Group audit fees	**73**	27
Audit fees for statutory accounts of subsidiaries	**30**	30
Audit related assurance services	**7**	7
Non-audit related services	**–**	–
Rentals under operating leases*:		
Hire of plant and equipment	**92**	36
Motor vehicles	**–**	23
Land and buildings	**106**	91

* This is the expense for short-term low value leases excluded from IFRS 16 right-of-use assets.

8 Taxation

	2020 £000	2019 £000
Current tax:		
UK Corporation tax at 19% (2019: 19%)	**-**	697
Adjustments in respect of prior years	**(259)**	-
	(259)	697
Deferred tax:		
Origination and reversal of temporary differences	**310**	(385)
Adjustments in respect of prior years	**41**	(321)
Change in tax rate	**(42)**	(39)
	309	(745)
Tax expense/(credit) reported in the consolidated income statement	**50**	(48)

Following changes that were substantively enacted on 17 March 2020, the corporation tax rate will remain at 19% from 1 April 2020 rather than the previously enacted rate of 17%.

No brought forward tax losses of the Group were utilised in the year (2019: £nil).

In addition to the amount charged to the consolidated income statement, tax movements recognised through other comprehensive income and equity were as follows:

	2020 £000	2019 £000
Current tax:	**–**	–
	–	–
Deferred tax:		
Retirement benefit obligation	**87**	15
Fair value movements on cash flow hedges	**(81)**	23
	6	38
Tax charge reported in the consolidated statement of comprehensive income	**6**	38

	2020 £000	2019 £000
Current tax:	**–**	–
	–	–
Deferred tax:		
Employee share options	**(33)**	26
Tax (credit)/charge reported in the consolidated statement of changes in equity	**(33)**	26

Reconciliation of total tax charge	2020 £000	2019 £000
Loss on ordinary activities before tax	**(2,343)**	(4,957)
Corporation tax charge at standard rate of 19% (2019: 19%) on loss before tax	**(445)**	(942)
Adjusted by the effects of:		
Expenses not deductible for tax purposes	**31**	1,370
Income not taxable	**–**	(245)
Unprovided deferred tax differences	**724**	33
Adjustments in respect of prior years	**(218)**	(225)
Rate differential on timing differences	**(42)**	(39)
Total tax expense/(credit) reported in the consolidated income statement	**50**	(48)

9 Discontinued operations

On 19 December 2018, the Group sold its entire interest in Exidor Limited.

As a result, the results of Exidor Limited were classified as a discontinued operation in the prior year and presented as such in the financial statements.

An analysis of the disposal calculation is given below:

	2019 £000
Property, plant and equipment	1,135
Intangible assets	75
Deferred tax	70
Inventories	1,491
Trade and other receivables	1,882
Cash and cash equivalents	1,146
Trade and other payables	(3,508)
Net assets disposed	2,291
Headline consideration	10,000
Adjustment for movement in working capital	(98)
Adjustment for movement in debt	(639)
Claim retention	(350)
	8,913
Disposal costs	(393)
Net cash received relating to disposal	8,520
Cash proceeds	8,520
Net assets disposed	(2,291)
Profit on disposal	6,229

Included in the consideration is a retention of £350,000 relating to a customer claim. This claim has not yet been finalised and is still ongoing.

The results prior to 19 December 2018 for the discontinued operations included in the Consolidated Income Statement were:

	2019 £000
Revenue	5,924
Operating profit	305
Finance costs	(23)
Profit before tax	282
Tax	(76)
Profit on disposal of discontinued operations	6,229
Profit after tax from discontinued operations	6,435

Exidor Limited contributed the following to the Group's cashflows:

	2019 £000
Operating activities	491
Investing activities	(125)
Financing activities	207
	573

10 (Loss)/earnings per share

The calculation of (loss)/earnings per share is based on the (loss)/profit attributable to Shareholders and the weighted average number of ordinary shares in issue.

In calculating the diluted (loss)/earnings per share, adjustment has been made for the dilutive effect of outstanding share options. Underlying (loss)/earnings per share, as analysed below, which excludes non-underlying items as defined in Note 29 on page 66, has also been disclosed as the Directors believe this allows a better assessment of the underlying trading performance of the Group.

	2020 £000	2019 £000
Continuing operations loss for basic earnings per share	**(2,393)**	(4,909)
Non-underlying items	**909**	3,448
Taxation effect of the above	**–**	(87)
Loss for underlying loss per share (continuing operations)	**(1,484)**	(1,548)
Underlying loss per share (pence) from continuing operations:		
Basic	**(18.7)**	(19.5)
Diluted	**(18.7)**	(19.5)

	2020 £000	2019 £000
Discontinued operations earnings for basic earnings per share	**–**	6,435
Earnings for basic earnings per share (discontinued operations)	**–**	6,435
Earnings per share (pence) from discontinued operations:		
Basic	**–**	80.9
Diluted	**–**	76.8
Total (loss)/earnings per share (pence):		
Basic	**(30.1)**	19.2
Diluted	**(30.1)**	18.2

	2020 Number '000	2019 Number '000
Weighted average number of ordinary shares	**7,958**	7,958
Adjustment to reflect shares under options	**217**	424
Weighted average number of ordinary shares – fully diluted	**8,175**	8,382

There is no adjustment in the total diluted loss per share calculation for the 217,000 (2019: 424,000) shares under option as they are required to be excluded from the weighted average number of shares for diluted loss per share as they are anti-dilutive.

11 Non-underlying items

	2020 £000	2019 £000
Group reorganisation	**712**	54
Hedge ineffectiveness	**138**	–
Asset impairment	**–**	3,043
Onerous leases	**–**	16
GMP equalisation	**–**	295
Share-based payment charge	**59**	40
Non-underlying operating costs	**909**	3,448
Taxation		
Tax effect of non-underlying costs	**–**	(87)
	909	3,361

During the year ended 31 March 2020, the Group undertook a Group-wide restructuring programme in order to realign the cost base to the reduced levels of revenue.

Group reorganisation costs of £712,000, which include redundancy and related costs, relate to this restructuring programme.

The hedge ineffectiveness charge of £138,000 in 2020 arises from a short-term reduction in highly probable Euro denominated sales as a result of economic disruption to our customers caused by COVID-19.

The share-based payment charge in 2020 is £59,000 (2019: £40,000).

In 2019, the Group undertook an impairment review of two of its sites within the Foundry Division, which identified that the prior carrying value of its assets could not be supported by their future value to the business, resulting in the recognition of an impairment charge of £3,043,000.

Furthermore in 2019, a Guaranteed Minimum Pension (GMP) equalisation review was undertaken, which resulted in an increase in the pension liability of £295,000.

SECTION 3
OPERATING ASSETS AND LIABILITIES

12 Property, plant and equipment

Group	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2018	7,088	25,171	95	32,354
Additions	22	1,091	75	1,188
Disposals	–	(8)	(8)	(16)
Disposal of subsidiary undertakings (Note 9)	(954)	(3,070)	(16)	(4,040)
At 31 March 2019	6,156	23,184	146	29,486
Additions	147	258	21	426
Disposals	–	–	(13)	(13)
At 31 March 2020	**6,303**	**23,442**	**154**	**29,899**
Depreciation/impairment				
At 1 April 2018	2,838	17,014	48	19,900
Charge for year	331	1,328	29	1,688
Impairment charge	1,068	1,925	50	3,043
Disposals	–	(1)	(8)	(9)
Disposal of subsidiary undertakings (Note 9)	(378)	(2,511)	(16)	(2,905)
At 31 March 2019	3,859	17,755	103	21,717
Charge for year	219	735	26	980
Disposals	–	–	(7)	(7)
At 31 March 2020	**4,078**	**18,490**	**122**	**22,690**
Net book value				
At 31 March 2020	**2,225**	**4,952**	**32**	**7,209**
At 31 March 2019	2,297	5,429	43	7,769
At 1 April 2018	4,250	8,157	47	12,454

Net book value of land and buildings comprises:	2020 £000	2019 £000
Freehold	**2,209**	2,297
Short leasehold (leasehold improvements)	**16**	–
	2,225	2,297

Additions to right-of-use assets in the year amounted to £111,000 (2019: £371,000).

12 Property, plant and equipment continued

Right-of-use assets net book value included in the above comprise:	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
At 31 March 2019	633	4,482	43	5,158
At 31 March 2020	545	4,029	32	4,606

The maturity analysis of lease liabilities associated with right-of-use assets are disclosed in Note 24. The interest cost and the cash flows associated with these lease liabilities are disclosed in Note 6 and the consolidated cash flow statement respectively.

Company	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2018	1,670	97	47	1,814
Additions	–	1	75	76
At 31 March 2019	1,670	98	122	1,890
Additions	–	17	21	38
Disposals	–	–	(13)	(13)
At 31 March 2020	**1,670**	**115**	**130**	**1,915**
Depreciation				
At 1 April 2018	925	74	–	999
Charge for year	27	6	79	112
At 31 March 2019	952	80	79	1,111
Charge for year	27	7	26	60
Disposals	–	–	(7)	(7)
At 31 March 2020	**979**	**87**	**98**	**1,164**
Net book value				
At 31 March 2020	**691**	**28**	**32**	**751**
At 31 March 2019	718	18	43	779
At 1 April 2018	745	23	47	815

The net book value of motor vehicles in the Company of £32,000 (2019: £43,000) relates entirely to right-of-use assets under lease.

	Group £000	Company £000
Freehold land included above not subject to depreciation amounted to:		
2020	**275**	**275**
2019	275	275

12 Property, plant and equipment continued

Impairment testing

The Group has identified indications of impairment at two of its cash-generating units (CGUs), within the foundry segment, and as such has performed an impairment review on the carrying value of the property, plant and equipment and intangible assets at these CGUs. The decline in profitability and the losses generated are the impairment indications which have led to the impairment review being performed.

Impairment has been assessed by comparing the book value of assets against their recoverable amounts. The recoverable amount of a CGUs assets is the higher of its fair value less costs to sell and its value in use. Value in use is determined using cashflow projections from the three year financial plan approved by the Board. The projected cashflows reflect the latest expectations of demand for products in years one to three and are extrapolated to year ten using a 2.0% growth rate that approximates to the long-term growth rate of the UK economy. The projected cashflows reflect an expected return to profitability in 2020/21 and a full realisation of cost-saving programmes that require a certain gestation period to fully mature. The key sensitivities around these projections are the return of sales volumes and the full fruition of cost-saving initiatives. In light of the adverse impact that Covid-19 is currently having on market conditions and the uncertainty surrounding the extent and timing of a future economic recovery in the Group's UK and worldwide markets, the Board have applied significant downside sensitivity analysis to the financial plans that models reductions to cash flows of 33% in years one to three, 50% in years four to seven and 66% in years eight to ten.

The key assumptions in these calculations are the long-term growth rates and discount rate applied to the forecast cashflows in addition to the achievement of the forecasts themselves. The long-term growth rate used is based on economic forecasts of the long-term growth rate for the UK. The pre-tax discount rate used is based on the Group pre-tax weighted average cost of capital of 11.1%.

Based on the assumptions noted above, including the downside sensitivities arising from Covid-19 induced uncertainty, the Board concluded that the recoverable amount of the CGUs were higher than the book value of the CGUs assets and as such no impairment charge is deemed necessary.

13 Intangible assets

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Software	**249**	203	**22**	2
Development costs	**92**	87	**–**	–
	341	290	**22**	2

Software	**Group £000**	**Company £000**
Cost		
At 1 April 2018	1,008	27
Disposal of subsidiary undertakings (Note 9)	(33)	–
At 31 March 2019	975	27
Additions	98	25
At 31 March 2020	**1,073**	**52**
Amortisation/impairment		
At 1 April 2018	736	24
Charge for the year	59	1
Disposal of subsidiary undertakings (Note 9)	(23)	–
At 31 March 2019	772	25
Charge for year	52	5
At 31 March 2020	**824**	**30**
Net book value		
At 31 March 2020	**249**	**22**
At 31 March 2019	203	2
At 1 April 2018	272	3

Software has an estimated useful life of between three and ten years

In the Group, software includes right-of-use assets with a net book value of £67,000 (2019: £nil) relating to assets held under leases. Additions in the year relating to right-of-use assets amounted to £78,000 (2019: £nil).

In the Company, software includes right-of use assets with a net book value of £16,000 (2019: £nil) relating to assets held under leases. Additions in the year relating to right-of-use assets amounted to £18,000 (2019: £nil).

13 Intangible assets continued

Development costs capitalised	Group £000	Company £000
Cost		
At 1 April 2018	424	–
Additions	22	–
Disposal of subsidiary undertakings (Note 9)	(86)	–
At 31 March 2019	360	–
Additions	30	–
At 31st March 2020	**390**	–
Amortisation/ impairment		
At 1 April 2018	269	–
Charge for year	25	–
Disposal of subsidiary undertakings (Note 9)	(21)	–
At 31 March 2019	273	–
Charge for year	25	–
At 31 March 2020	**298**	–
Net book value		
At 31 March 2020	**92**	–
At 31 March 2019	87	–
At 1 April 2018	155	–

Development costs capitalised relate to specific major projects which result in an asset being created which is then amortised over the primary income-generating period of the associated product. For the above items this has been estimated at five years from the commencement of commercial sales.

14 Inventories

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Raw materials	**811**	911	**–**	–
Work in progress	**696**	812	**–**	–
Finished goods	**1,082**	979	**–**	–
	2,589	2,702	**–**	–

Stock recognised in cost of sales during the period as an expense was £10,863,000 (2019: £11,585,000). The impairment charge for stock during the year was £25,000 (2019: £2,000). There is no material difference in the value of stock held on the balance sheet and its replacement cost.

15 Trade and other receivables

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade receivables	**5,222**	5,189	**12**	112
Amounts due from subsidiary undertakings	**–**	–	**3,696**	3,761
Other receivables	**411**	232	**133**	39
Corporation tax	**–**	165	**–**	132
Prepayments	**449**	466	**15**	14
	6,082	6,052	**3,856**	4,058

Invoice finance liabilities are directly secured against the trade receivables of the Group. The Group retains the risk and rewards, such as default, associated with the holding of trade receivables. The Group has trade receivables as at 31 March 2020 of £5,222,000 (2019: £5,189,000) against which an invoice finance liability of £1,925,000 (2019: £1,628,000) was secured. The total available invoice finance facility as at 31 March 2020 was £6,000,000 (2019: £7,750,000).

Trade receivables are denominated in the following currencies:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Sterling	**2,080**	2,722	**12**	112
Euro	**3,142**	2,467	**–**	–
	5,222	5,189	**12**	112

Of the carrying amount of trade receivables of £5,222,000 (2019: £5,189,000), £3,708,000 (2019: £4,181,000) is against five major customers.

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days and are shown net of a provision for impairment. As at 31 March 2020, trade receivables at a nominal value of £219,000 (2019: £345,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
At 1 April 2019	**345**	23	**–**	–
Disposal of Exidor Limited	**–**	(6)	**–**	–
Charge for year	**17**	203	**–**	–
Amounts written off	**(143)**	(6)	**–**	–
Provision increase	**–**	131	**–**	–
At 31 March 2020	**219**	345	**–**	–

15 Trade and other receivables continued

The analysis of trade receivables that were past due but not impaired is as follows:

	Total £000	Neither past due nor impaired £000	Past due <30 days £000	Past due 30-60 days £000	Past due 60-90 days £000	Past due 90-120 days £000	Past due >120 days £000
2020	**5,222**	**5,088**	**35**	**3**	**8**	**43**	**45**
2019	5,189	4,166	707	90	186	31	9

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings, where available, otherwise historical information relating to the counterparty default rates is used.

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Debtors where external credit ratings have been sought	**5,210**	4,986	**–**	–
Debtors where internal credit assessments have been made	**12**	203	**–**	–
	5,222	5,189	**–**	–

Of the balance in respect of counterparties with internal ratings, nil% (2019: 3%) is in respect of new customers, and 100% (2019: 97%) existing customers with no history of defaults.

Amounts due from subsidiary companies are interest free and repayable on demand.

Income taxes receivable	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
UK corporation tax	**–**	165	**–**	132

16 Current liabilities

Financial liabilities	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank overdraft	**–**	–	**1,654**	23
Invoice finance facility	**1,925**	1,628	**–**	–
Lease liabilities	**1,103**	1,055	**38**	34
	3,028	2,683	**1,692**	57

16 Current liabilities continued

The Group has no net overdraft facility. However, under the terms of the Group's banking arrangements, individual companies within the Group are permitted to have an overdraft position, provided the Group's net position is cash positive.

Lease liabilities are secured against the specific item to which they relate. These leases are repayable by monthly instalments for a maximum period of five years to February 2025. Interest is payable at fixed amounts that range between 3.1% and 9.4%.

Invoice finance balances are secured against the trade receivables of the Group and are repayable on demand. Interest is payable at 2.3% over base rate. The maximum facility as at 31 March 2020 was £6,000,000 (2019: £7,750,000). Management has assessed the treatment of the financing arrangements and has determined it is appropriate to recognise trade receivables and invoice finance liabilities separately.

	Group		Company	
Trade and other payables	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Trade payables	**3,730**	2,665	**126**	71
Amounts owed to other Group companies	**–**	–	**470**	527
Other taxation and social security	**708**	432	**28**	31
Other payables	**1,931**	499	**257**	403
Accruals	**617**	1,004	**115**	268
Fair value of derivative forward contracts	**495**	–	**–**	–
	7,481	4,600	**996**	1,300

Trade payables are non-interest bearing and are normally on terms of 30 to 60 days.

17 Non-current liabilities

	Group		Company	
Financial liabilities	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Lease liabilities	**2,037**	2,966	**57**	59

Lease liabilities are secured against the specific item to which they relate. These leases are repayable by monthly instalments for a period of upto five (2019: five) years to February 2025. £1,071,000 is repayable in one to two years (2019: £1,052,000) and £966,000 within two to five years (2019: £1,914,000). Interest is payable at a fixed amount that ranges between 3.1% and 9.4%.

Provisions for liabilities	Dilapidations £000
As at 1 April 2019	200
Charge for the year	–
As at 31 March 2020	**200**

Dilapidations

The dilapidation provision relates to expected future lease dilapidations and is expected to be utilised within 1-2 years.

17 Non-current liabilities continued

Deferred taxation	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
	39	53	**–**	33

Group liabilities	2020 £000	2019 £000
Temporary differences relating to share options	**–**	20
Fair value hedges	**–**	33
Temporary differences relating to capital allowances	**39**	–
	39	53

Deferred tax assets	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Temporary differences relating to capital allowances	**–**	119	**7**	15
Temporary differences relating to pension scheme deficit	**333**	448	**333**	448
Temporary differences relating to cash flow hedges	**61**	–	**–**	–
Other temporary differences	**217**	339	**212**	354
	611	906	**552**	817

The tax value of Group trading losses carried forward for which a deferred tax asset has not been recognised total £1,345,000 (2019: £669,000).

Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. The Group has assessed that it is probable that future profits will fully utilise current tax losses and other deductible temporary differences. Deferred tax assets relating to the pension scheme deficit are expected to be recovered over the period that contributions are made into the scheme, including the agreed contributions to April 2032. The deferred tax assets have been assessed as recoverable against forecasts of future taxable profits.

All deferred tax assets are recoverable, and deferred tax liabilities will be settled, in greater than one year.

Of the total deferred tax charge of £282,000 (2019: £681,000 credit), a charge of £309,000 (2019: £745,000 credit) was recognised within the Consolidated Income Statement, a charge of £6,000 (2019: £38,000 charge) was recognised within other comprehensive income and a credit of £33,000 (2019: £26,000 charge) recognised within the Consolidated Statement of Changes in Equity.

SECTION 4
CAPITAL STRUCTURE

18 Share capital

Allotted, called up and fully paid	2020 £000	2019 £000
7,958,126 (2019: 7,958,126) ordinary shares of 25p	**1,990**	1,990

During the year no shares (2019: none) were issued to Directors to satisfy share options at nil (2019: nil) cost.

During the year, no share options were granted (2019: 366,066) and 207,363 (2019: 292,027) were forfeited or lapsed.

On 8 March 2021, a general meeting of the Company approved the sub-division of the existing ordinary shares of 25p into ordinary shares of 0.1p and deferred shares of 24.9p. The rights attaching to the new ordinary shares of 0.1p are identical to those of the existing ordinary shares of 25p. Holders of the deferred shares of 24.9p are only entitled to the amount paid up on those shares and have no other rights to participate in the assets of the Company.

Following the sub-division of the share capital on 8 March 2021, a £200,000 convertible loan received on 19 February 2021 from Mr Trevor Brown was converted into 3,333,333 ordinary shares of 0.1p at a conversion price of 6p each.

On 26 March 2021, the Company announced that it had raised gross proceeds of £3.5 million by way of a Share Placing and Subscription. As a result, the Company issued 58,333,333 ordinary shares of 0.1p each at a subscription price of 6p each.

As a result of the above post-balance sheet events, the Company's issued share capital now comprises 69,624,792 ordinary shares of 0.1p and 7,958,126 deferred shares of 24.9p each, with a total nominal value of £2,051,000.

19 Share-based payments

Details of the equity-settled scheme used to incentivise the Directors of the Group are set out in the Remuneration Committee Report on page 17.

Under all schemes, options lapse if the employee leaves the Group, subject to certain exceptions set out in the scheme rules.

Due to the small number of individual grants made, each individual option is priced using the Black-Scholes pricing model, rather than applying the model to weighted average figures for options granted in each year.

Relevant options outstanding during the year were as follows:

		Weighted average	
	No. of options	Exercise price (p)	Remaining contractual life (years)
At 1 April 2018	350,000	25.0	7.7
Granted	366,006	97.5	9.3
Lapsed	(292,027)	62.1	8.5
At 1 April 2019	423,979	62.1	8.5
Lapsed	(207,363)	25.0	6.5
At 31 March 2020	**216,616**	**97.5**	**8.3**

No share options were exercised during the current or prior year.

The cost of share options charged to the Consolidated Income Statement was £59,000 (2019: charge of £40,000). The fair value of options granted in the year was £nil (2019: £128,000).

20 Fixed asset investments

Shares in subsidiary undertakings	£000
Cost	
At 1 April 2018	8,159
Disposal of subsidiary	(2,004)
At 31 March 2019 and 2020	**6,155**
Impairment	
At 1 April 2018	-
Impairment charge	3,260
At 31 March 2019	3,260
Impairment charge	1,079
At 31 March 2020	**4,339**
Net book value	
At 31 March 2020	**1,816**
At 31 March 2019	2,895
At 1 April 2018	8,159

Wholly owned operating subsidiaries	*Principal activity*
Chamberlin & Hill Castings Limited	Manufacture and sale of engineering castings
Russell Ductile Castings Limited	Manufacture and sale of engineering castings
Petrel Limited	Manufacture and sale of lighting and electrical installation products
Chamberlin Foundry Limited	Intermediary holding company

Wholly owned dormant subsidiaries

Chamberlin Group Limited
Chamberlin & Hill Ltd
Ductile Castings Limited
Fred Duncombe Limited
Fitter & Poulton Limited
Webb Lloyd Limited

The Company owns 100% of the issued ordinary share capital of the above companies, all of whom are registered and operate principally in England and Wales.

As a result of the trading loss for the Group in the year, a review of the carrying value of investments in subsidiaries was undertaken, leading to an impairment charge of £1,079,000 (2019: £3,260,000) being recognised in the income statement of the Company.

SECTION 5
OTHER SUPPORTING NOTES

21 Pension arrangements

During the year, the Group operated funded defined benefit and defined contribution pension schemes for the majority of its employees in the UK, these being established under trusts with the assets held separately from those of the Group. The pension operating cost for the Group defined benefit scheme for 2020 was £199,000 (2019: £124,000), with the increase being due to costs associated with the triennial valuation, together with £58,000 of financing cost (2019: £112,000).

The other schemes within the Group are defined contribution schemes and the pension cost represents contributions payable.

The total cost of defined contributions schemes was £396,000 (2019: £423,000). The notes below relate to the defined benefit scheme.

The actuarial liabilities have been calculated using the Projected Unit method. The major assumptions used by the actuary were (in nominal terms):

	31 March 2020	31 March 2019	31 March 2018
Rate of increase in salaries	**n/a**	n/a	n/a
Rate of increase of pensions in payment – post 1997 accrual only	**2.6%**	3.2%	3.1%
Discount rate	**2.3%**	2.3%	2.5%
Inflation assumption – RPI	**2.6%**	3.3%	3.2%
Inflation assumption – CPI	**1.7%**	2.3%	2.2%

Demographic assumptions are all based on the S3PA (2019: S2PA) mortality tables with a 1.25% annual increase. The post retirement mortality assumptions allow for expected increases in longevity. The current disclosures relate to assumptions based on longevity in years following retirement as of the balance sheet date, with future pensioners relating to an employee retiring in 15 years from the balance sheet date.

	2020 years	2019 years
Current pensioners at 65		
Male	**21.0**	20.9
Female	**23.2**	23.1
Future pensioners at 65		
Male	**21.9**	21.8
Female	**24.3**	24.2

The scheme was closed to future accrual with effect from 30 November 2007, after which the Company's regular contribution rate reduced to zero (previously the rate had been 9.1% of members' pensionable salaries).

The triennial valuation as at 31 March 2019 was completed during the year and concluded that Company contributions would increase to £300,000 for the year ended 31 March 2021, £330,000 for the year ended 31 March 2022 and £360,000 for the year ended 31 March 2023, with the deficit reduction period reducing to 2032. The Company has given security over the Group's land and buildings to the pension scheme. There will be a further triennial review with effect from 31 March 2022, which will establish future deficit payments.

21 Pension arrangements continued

The scheme assets are stated at the market values at the respective balance sheet dates. The assets and liabilities of the scheme were:

	2020 £000	2019 £000
Equities/diversified growth fund	**12,534**	14,286
Bonds	**1,565**	1,580
Insured pensioner assets	**24**	26
Cash	**415**	173
Market value of assets	**14,538**	16,065
Actuarial value of liabilities	**(16,497)**	(18,705)
Scheme deficit	**(1,959)**	(2,640)
Related deferred tax asset	**333**	448
Net pension liability	**(1,626)**	(2,192)

Due to the nature of the investments held, the scheme is subject to normal market risks that affect the world's stock markets, and in particular the UK market.

Net benefit expense recognised in profit and loss	2020 £000	2019 £000
Net interest cost	**(58)**	(112)
Net interest expense	**(58)**	(112)

Remeasurement losses/(gains) in other comprehensive income	2020 £000	2019 £000
Actuarial (gains)/losses arising from changes in financial assumptions	**(593)**	622
Actuarial gains arising from changes in demographic assumptions	**(244)**	(151)
Experience adjustments	**(931)**	91
Loss/(return) on assets (excluding interest income)	**1,308**	(638)
Total remeasurement gain shown in other comprehensive Income	**(460)**	(76)

	2020 £000	2019 £000
Actual loss on plan assets	**(946)**	(976)

Movement in deficit during the year	2020 £000	2019 £000
Deficit in scheme at beginning of year	**(2,640)**	(5,080)
Movement in year:		
Past service cost	**–**	(295)
Employer contributions	**279**	2,771
Net interest expense	**(58)**	(112)
Actuarial gain	**460**	76
Deficit in scheme at end of year	**(1,959)**	(2,640)

21 Pension arrangements continued

Movement in scheme assets	2020 £000	2019 £000
Fair value at beginning of year	**16,065**	13,207
Interest income on scheme assets	**362**	338
Return on assets (excluding interest income)	**(1,308)**	638
Employer contributions	**279**	2,771
Benefits paid	**(860)**	(889)
Administrative costs	**–**	–
Fair value at end of year	**14,538**	16,065

Movement in scheme liabilities	2020 £000	2019 £000
Benefit obligation at start of year	**18,705**	18,287
Interest cost	**420**	450
Actuarial (gains)/losses arising from changes in financial assumptions	**(593)**	622
Actuarial gains arising from changes in demographic assumptions	**(244)**	(151)
Experience adjustments	**(931)**	91
Benefits paid	**(860)**	(889)
Past service cost	**–**	295
Benefit obligation at end of year	**16,497**	18,705

The weighted average duration of the pension scheme liabilities is 13 years (2019: 13.5 years).

A quantitative sensitivity analysis for significant assumptions as at 31 March 2020 is as shown below:

Present value of scheme liabilities when changing the following assumptions:	2020 £000
Discount rate increased by 1% p.a.	**14,635**
RPI and CPI increased by 1% p.a.	**17,340**
Mortality – members assumed to be their actual age as opposed to one year older	**17,266**

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the year.

22 Contingent liabilities

Cross guarantees exist between the Company and its subsidiary undertakings in respect of the Group's bank overdrafts, asset finance loans and invoice finance facilities. The total borrowings of subsidiaries at 31 March 2020 amounted to £4,970,000 (2019: £4,674,000).

23 Financial commitments

	Group		Company	
Capital expenditure	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Contracted for but not provided in the accounts	**14**	–	**–**	–

Capital commitments relate to office equipment replacements.

Lease commitments

The Group had total outstanding commitments under operating leases as follows:

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Future minimum payments due:				
Not later than one year	**149**	77	**35**	23
After one year but not more than five years	**60**	–	**44**	–
After five years	**–**	–	**–**	–
	209	77	**79**	23

Leases on land and buildings comprise the premises of Petrel Limited (£114,000 per annum with an end date of 20 May 2021).

24 Derivatives and financial instruments

The Group considers the use of derivatives to reduce financial risk in a number of areas noted below.

The only area where the use of derivatives is considered appropriate at present is that of currency risk.

The carrying amount of financial assets and financial liabilities are not materially different to their fair value.

The Company is only exposed to interest rate risk.

Currency risk

The Group's functional currency is Sterling but approximately 63% of revenues are denominated in foreign currencies, principally Euros in relation to castings exports. In order to reduce the Group's exposure to currency fluctuations a proportion of forecast exposures are hedged depending on the level of confidence and hedging is topped up following regular reviews. Hedging is built up over 18 months up to a 90% hedge; on this basis up to 75% of the Group's annual exposures are likely to be hedged at any point in time and the Group's net transactional exposure to different currencies varies from time to time. At the year-end it had net monetary assets denominated in Euros of £1,108,000 (2019: assets of £2,671,000). A proportion of the Group's financial liabilities are denominated in Euros, reducing the currency risk of the Group. Because up to 90% of the Euro debtors are hedged, the impact on net monetary assets of a 5% exchange rate change in the Euro/Sterling would not be material to the profit and loss.

At 31 March 2020, the Group held forward currency hedging contracts designated as hedges of expected future Euro exports for highly probable forecast sales transactions. The forward currency contracts are being used to hedge the foreign currency risk of highly probable forecast sales over 18 months.

The terms of the forward currency hedging contracts have been negotiated to match the terms of the commitments and the cash flow hedges of expected future sales were assessed to be highly effective.

Forward currency contracts for the sale of Euros outstanding at the year end have been recorded at fair value with the movement being recognised directly in other comprehensive income through the Consolidated Statement of Comprehensive Income. If these contracts were not in place and the Euro/Sterling exchange rate moved by plus or minus 5% the corresponding gain/loss to equity would be £936,000 (2019: £440,000).

A risk to the Group relates to ineffective hedges whereby highly probable sales do not occur and the Group is over hedged against those particular sales.

24 Derivatives and financial instruments continued

The uncertain economic outlook caused by the impact of Covid-19 on the Group's European markets has resulted in the Group undertaking a review of future Euro denominated sales. This review has led the Group to conclude that a proportion of the Group's expected sales are no longer highly probable and the Group is likely to be over-hedged in the near term. Consequently, a hedge ineffectiveness loss of £138,000 (2019: nil) has been recognised in the income statement.

	Contracted amount (€ 000)	Weighted average contract rate	Contracted amount £000	Contracted amount at year-end rate £000	Unrealised gain/(loss) £000
At 31 March 2020	**21,605**	**1.1543**	**18,717**	**19,228**	**(511)**
At 31 March 2019	10,030	1.1383	8,812	8,629	183

Interest rate risk

The Group has asset finance loans and an invoice finance facility. Exposure to interest rate risk is considered to be low and no derivatives are used to modify the Group's interest rate risk profile. The impact of a 50 basis point increase in UK interest rates would be a £10,000 reduction in profit before tax (2019: £8,000). An equivalent decrease in rates would increase profit before tax by £10,000 (2019: £8,000).

An analysis of interest bearing financial assets and liabilities is given below.

	Group		Company	
Financial liabilities	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Bank overdraft (Sterling denominated)	**–**	–	**(1,654)**	(23)
Invoice finance (Sterling denominated)	**(198)**	(1,099)	**–**	–
Invoice finance (Euro denominated)	**(1,727)**	(529)	**–**	–
Lease liabilities (Sterling denominated)	**(3,140)**	(4,021)	**(95)**	(93)
	(5,065)	(5,649)	**(1,749)**	(116)

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 15. There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with the maximum exposure equal to the carrying amount of the instrument.

The bad debt charge for the year was £17,000 (2019: £334,000).

Liquidity risk

The Group aims to mitigate liquidity risk by managing the cash generation of its operating units, and applying cash generation targets across the Group. Investment is carefully controlled, with authorisation limits operating up to Group Board level and cash payback periods applied as part of the investment appraisal process. In this way, the Group aims to maintain a good credit rating and operate within its existing facilities. There are no material differences between the fair values and carrying values of the financial assets and liabilities.

The Group's funding strategy is to maintain flexibility in managing its day-to-day working capital needs through the use of an invoice finance facility, subject to dividend and debtor turn covenants, and to fund acquisitions and significant capital projects through the use of longer-term funding, including bank loans, hire purchase and equity.

The Group's £6.0m invoice finance facility is ongoing, as discussed in the Consolidated Cash Flow commentary on page 31.

24 Derivatives and financial instruments continued

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

All derivative financial assets and liabilities are valued by Level 2 techniques. The fair values of short-term receivables, short-term payables, and the invoice finance facility and overdraft (both of which are repayable on demand) are not disclosed, as permitted by IFRS 7, where the carrying amount is a reasonable approximation to fair value.

The Group's finance team performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Group Finance Director and the Audit Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates. The following valuation techniques are used for instruments categorised in Level 2.

Foreign currency forward contracts (Level 2) – the Group's foreign currency forward contracts are not traded in active markets. These contracts have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

The table below summarises the maturity profile of the Group's financial assets and liabilities, which are all classified as Level 2, at 31 March 2020 and 31 March 2019.

The carrying value of the Group's financial assets and liabilities is considered to be the same as the fair value.

	On demand	Less than one year	One to two years	Two to five years	Greater than five years	Total
At 31 March 2020						
Financial assets						
Trade receivables	5,222	–	–	–	–	5,222
Non-derivative financial liabilities						
Invoice finance	1,925	–	–	–	–	1,925
Lease liabilities, including interest	–	1,244	1,200	1,080	–	3,524
Trade payables	–	3,730	–	–	–	3,730
	1,925	4,974	1,200	1,080	–	9,179
At 31 March 2019						
Financial assets						
Trade receivables	5,189	–	–	–	–	5,189
Non-derivative financial liabilities						
Invoice finance	1,628	–	–	–	–	1,628
Lease liabilities, including interest	–	1,055	1,055	1,911	–	4,021
Trade payables	–	2,665	–	–	–	2,665
	1,628	3,720	1,055	1,911	–	8,314

24 Derivatives and financial instruments continued

The gross undiscounted future cashflows are analysed as follows:

	On demand	Less than one year	One to two years	Two to five years	Total
At 31 March 2020					
Foreign exchange forward contracts	–	13,445	5,226	–	18,671
	–	**13,445**	**5,226**	**–**	**18,671**

The outflows above relate to the settlement of the derivative contracts which are a fair value liability at the year-end as disclosed in Note 16.

	On demand	Less than one year	One to two years	Two to five years	Total
At 31 March 2019					
Foreign exchange forward contracts	–	7,682	946	–	8,628
	–	**7,682**	**946**	**–**	**8,628**

The Company's financial liabilities comprise the bank overdraft of £1,654,000 (2019: £23,000) and is payable on demand, and lease liabilities of £95,000 (2019: £93,000).

Capital management

The Group defines capital as the total equity of the Group, which at the year-end is £2,545,000 (2019: £4,868,000). The Group objective for managing capital is to deliver competitive, secure and sustainable returns to maximise long-term Shareholder value. The Group is subject to net worth covenants and debtor turn covenants on its invoice finance facility. There are no financial covenant restrictions on the Group's overdraft facility or asset loans.

25 Related party transactions

Group

All transactions between the parent Company and subsidiary companies and between subsidiary companies have been eliminated on preparation of the consolidated accounts. The Group has not entered into any other related party transactions.

Company

The Company provides certain management services to subsidiary companies.

Certain payments in relation to items settled or provided on a central basis, principally corporation tax and insurance payments, are made by the Company and are then recharged to subsidiaries at cost.

Compensation of key management personnel (including Directors)

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Short-term employee benefits (including employer's NI)	**1,100**	1,320	**538**	638
Termination costs (including employer's NI)	**141**	–	**–**	–
Share-based payments	**59**	40	**59**	40
Pension contributions	**65**	64	**36**	37
	1,365	1,424	**633**	715

Key management, other than Directors of the Company, comprise the Managing Directors and Finance Directors of the main operating subsidiaries, and are included in Group figures above.

Details of key management share options are disclosed in Note 19.

26 Net debt

	Net overdraft/ (cash at bank) £000	Invoice finance £000	Lease liabilities £000	Import loan £000	Total
At 1 April 2018	485	4,740	3,267	1,137	9,629
Cashflow	(971)	(3,218)	668	(1,137)	(4,658)
Interest	195	106	86	–	387
At 1 April 2019	(291)	1,628	4,021	–	5,358
Cashflow	(154)	279	(1,066)	–	(941)
New leases in the year	–	–	185	–	185
Impact of foreign exchange rates	(12)	18	–	–	6
At 31 March 2020	**(457)**	**1,925**	**3,140**	**–**	**4,608**
Balances comprise:					
Current assets	(457)	–	–	–	(457)
Current liabilities	–	1,925	1,103	–	3,028
Non-current liabilities	–	–	2,037	–	2,037
	(457)	**1,925**	**3,140**	**–**	**4,608**

27 Restatement of comparatives

During the year, a change has been made to the presentation of administration costs and interest costs associated with the Company's defined benefit pension scheme. Previously, these costs were shown as non-underlying items. Management is now of the view that such costs should be reported as part of underlying results reflecting the ongoing recurring nature of these costs. As a result of this presentational change, the underlying results in the comparative periods have been restated. There is no change to statutory results as a consequence of this presentational change.

Impact on underlying loss for the year ended 31 March 2019

	As reported £000	Reclassification £000	As restated £000
Income statement			
Underlying operating loss	(886)	(124)	(1,010)
Underlying finance costs	(387)	(112)	(499)
Underlying loss before taxation	(1,273)	(236)	(1,509)
Taxation	(63)	24	(39)
Underlying loss from continuing operations	(1,336)	(212)	(1,548)

28 Subsequent events

On 16 December 2020, the Company announced that it had received notice from its major customer, BorgWarner Turbo Systems Worldwide Headquarters GmbH, of its intention to cancel all contracts with effect from 22 January 2021. Following this announcement, it became evident that the Company was not in a position to publish its 2020 Accounts by 31 December 2020 in accordance with AIM rules. Consequently, the Company's shares were suspended from trading on AIM with effect from 4 January 2021.

The Board and its advisers immediately implemented measures to reduce costs and preserve cash whilst exploring options to strengthen the balance sheet in order to safeguard the Company's future. After evaluating a number of alternative options with its advisers, the Company issued a £200,000 unsecured convertible loan note to Mr Trevor Brown in February 2021 to provide immediate short-term working capital, which was converted into 3,333,333 Ordinary Shares following Shareholder approval at the General Meeting held on 8 March 2021. On that same date, Mr Trevor Brown was appointed to the Board of Chamberlin as a Non-Executive Director.

28 Subsequent events continued

The Board continued to explore further funding possibilities and on 26 March 2021 announced that the Company had raised net proceeds of £3.3 million by way of a Share Placing and Subscription. The primary purpose of the Share Placing and Subscription was to fund working capital and to meet the restructuring costs associated with reducing the cost base to a level appropriate to the lower ongoing revenue of the Group. Following the publication and filing of the annual audited accounts for the year end 31 March 2020 and the publication of the interim results for the six months ended 30 September 2020, the Company will immediately apply for the suspension of trading of the Company's Ordinary Shares on AIM to be lifted by the London Stock Exchange.

29 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis and are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Chamberlin Plc and its subsidiaries as at 31 March each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group has power over the investee, has the right to variable returns from the investee and has the power to affects its returns. The Group obtains and exercises control through voting rights and control is reassessed if there are indications that the status of any of the three elements have changed.

Going concern

The Group's activities together with the factors likely to affect its future development, performance and financial position, including its cash flows, liquidity position and borrowing facilities, are described in the Strategic Report on pages 4 to 9. In addition, Note 24 to the Group financial statements includes the Group's objectives and policies for managing capital and financial risks in relation to currency, interest rates, credit and liquidity.

The Group's detailed budget for the year ending 31 March 2022 and extended forecast for the six months to 30 September 2022 take into account the £3.3m raised from the Share Placing and Subscription announced on 26 March 2021 and the Director's view of most likely trading conditions. These forecasts and projections indicate that existing bank facilities are expected to remain adequate. The budget and extended forecast provides for significant revenue growth in the second half of the year to 31 March 2022 and the six months to 30 September 2022, which is needed to replace the lost BorgWarner contracts. The budget includes the significant but necessary benefits and costs of the restructuring that will be required to right-size the cost-base to the lower level of revenue. As the implementation and delivery of the restructuring benefits and costs are within the control of the Directors, no downside sensitivities have been applied in relation to these. The Directors have, however, applied reasonably foreseeable downside sensitivities to the budget and forecast, which assumes that sales growth from October 2021 onwards is only 3% above the first half average and the machine shop has no sales output. In the detailed budget, extended forecast and sensitised scenario, the possible receipt of compensation from BorgWarner has been entirely discounted, as has any sales of no-longer required machinery.

As a consequence, after making enquiries, the Directors have an expectation that, in the circumstances of a reasonably foreseeable downside scenario as described above, the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

However, the rate at which new work can be secured to replace the lost BorgWarner activity is difficult to predict resulting in material uncertainty, which may cast significant doubt over the ability of the Group and the Company to realise its assets and discharge its liabilities in the normal course of business and hence continue as a going concern.

29 Summary of significant accounting policies continued

The Directors continue to adopt the going concern basis, whilst recognising there is material uncertainty relating to the above matter.

Presentation of the Consolidated Income Statement
The Consolidated Income Statement is allocated between underlying items that relate to the trading activities of the business, and non-underlying items that are either non-trading, non-recurring or are valued using market-derived data, which is outside of management's control. As per the non-underlying items accounting policy note, the Directors believe that this format sets out the performance of the Group more clearly.

Business combinations and goodwill

Business combinations from 1 April 2010
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets,is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39, either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the accquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements, are accounted for separately from the business combination in accordance with their nature and applicable IFRSs.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which goodwill is monitored for internal management purposes and will not be larger than an operating segment before aggregation. Goodwill is tested for impairment when indicators of impairment are identified.

Where goodwill forms part of an operation that is disposed of, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 April 2010
Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the cash paid, and the fair value of other assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition.

29 Summary of significant accounting policies continued

Business combinations prior to 1 April 2010 continued

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the Consolidated Income Statement in the period of acquisition.

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units acquired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When there is a partial disposal of a cash-generating unit, goodwill relating to the operation disposed of is taken into account in determining the gain or loss on disposal of that operation. The amount of goodwill allocated to a partial disposal is measured on the basis of the relative values of the operation disposed of and the operation retained.

Property, plant and equipment

All classes of property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. For property, where appropriate, the deemed cost as at the date of transition to IFRS is the fair value at the date of the last valuation of these assets.

With the exception of freehold land, depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings and long leasehold property – over expected useful life (not exceeding 50 years)

Short leasehold property – over the term of the lease

Plant and other equipment – two to ten years

Motor vehicles – four years

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of net selling price (fair value less costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the Consolidated Income Statement in the cost of sales line item or in the other operating expenses line item depending on the asset concerned.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Income Statement in the year the item is derecognised.

29 Summary of significant accounting policies continued

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Computer software, intellectual property rights and other intangible assets are initially recorded at cost. Where these assets have been acquired through a business combination, this will be the fair value allocated in the acquisition accounting. Where these have been acquired other than through a business combination, the initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Computer software and other intangible assets, such as capitalised development expenditure under IAS 38, are amortised over their useful lives on a straight-line basis with the amortisation charge included within other operating expenses. Estimated useful life is the shorter of legal duration and economic useful life, which represents the Directors' best estimate of the period over which the asset may be used to generate significant economic benefits to the Group. Software has an estimated useful life of between three years for normal software and ten years for ERP systems. Intangible assets in the course of development are tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are measured on a similar basis to property, plant and equipment. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred.

Clearly defined and identifiable development projects in which the technical degree of exploitation, adequacy of resources and potential market or development possibility in the undertaking can be clearly demonstrated, and where it is the intention to produce, market or execute the project, are capitalised when a correlation exists between the costs incurred and future benefits. Costs not meeting such criteria are expensed as incurred. Amortisation is applied as set out for intangible assets above, the useful life being determined for individual development projects. For projects capitalised to date, a useful life of five years was considered appropriate.

The Company's investments in subsidiaries

Investments in subsidiaries are stated at cost, less impairment and dividends from subsidiaries, are taken to profit or loss when the right to receive payment is established.

Inventories

Inventories are valued at the lower of cost and net realisable value, which is arrived at as follows:

- Raw materials – purchase cost on a first-in, first-out basis or weighted average cost basis;
- Finished goods and work in progress – where detailed individual product costing information is available, actual cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Previously, the engineering division included inventory valued at selling price less the calculated margin on certain finished goods in the absence of more detailed individual product costing information. During the year, a change in estimate was made to value all finished goods using the method described above to be consistent with the rest of the Group. Management has evaluated the effect of this change in estimate and does not believe it to be material.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Maintenance items are held in inventory and expensed on use unless they exceed a minimum level, where they are capitalised under plant and equipment and depreciated over the remaining useful economic life of the item of plant or equipment to which they relate.

Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less any provision for bad debts. Expected credit losses in respect of trade receivables are recognised when there is objective evidence (such as the probable insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amount due under the original terms of the invoice. The carrying amount of receivables is reduced by expected credit losses and are derecognised when they are assessed as uncollectible.

29 Summary of significant accounting policies continued

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand and current balances with banks and similar institutions and short-term deposits with an original maturity of three months or less, which are subject to insignificant risks of changes in value.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and lease liability at commencement for all leases, except for short-term leases and low value assets. In contrast to lessee accounting, the requirements for the lessor accounting have remained largely unchanged.

Applying IFRS 16, for all leases the Group:

a. Recognises right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at present value of future lease payments;
b. Recognises depreciation of right-of-use assets and interest on lease liabilities in the Consolidated Income Statement; and
c. Separates the amount of cash paid into principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease terms of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the Consolidated Income Statement.

Foreign currency translation, derivative financial instruments and hedging

The functional and presentation currency of Chamberlin Plc and its subsidiary undertakings is Sterling (£). Transactions in foreign currencies are recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Any resulting exchange differences are taken to the Consolidated Income Statement.

The Group is exposed to foreign exchange risk on income streams denominated in foreign currencies. In order to reduce the Group's exposure to currency fluctuations, the Group sells a proportion of expected Euro revenues on forward contracts.

With effect from 1 April 2010 the Group adopted hedge accounting in respect of certain sales denominated in foreign currencies. Foreign currency forward contracts are being used to hedge the foreign currency risks on highly-probable forecast sales transactions. The fair value of forward currency contracts is calculated by reference to current market prices for contracts with similar maturity profiles. The proportion of the gain or loss on the hedging instrument that is determined as an effective hedge is recognised in other comprehensive income and the gain or loss on any ineffective component of a hedging instrument is recognised in profit and loss. Amounts initially recognised in equity are transferred to the Consolidated Income Statement within sales when the forecast hedged transaction occurs.

At 31 March 2020 the Group held 18 months' worth of foreign currency forward contracts designated as hedges of expected future sales to customers in Europe for which the Group has highly-probable forecast transactions.

Hedges are valued by reference to an external marked to market valuation. Group management performs an assessment to confirm the reasonableness of this valuation.

29 Summary of significant accounting policies continued

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Group.

Pensions and other post-employment benefits

The Group operates a number of defined contribution schemes, which require contributions to be made to administered funds separate from the Group.

The Group also has a defined benefit pension scheme, which is closed to future accrual. The scheme assets are measured at fair value and plan liabilities are measured on an actuarial basis, using the projected unit credit method. As the scheme is closed to future accrual, no service cost of providing pension to employees is charged to the Consolidated Income Statement. The cost of making improvements to past pension and other post-retirement benefits is recognised in the Consolidated Income Statement immediately as an expense.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under non-underlying operating costs in the Consolidated Income Statement: Defined benefit pension scheme administration costs.

Remeasurement gains and losses may result from: changes in financial assumptions, changes in demographic assumptions, experience adjustments and differences between the expected return and the actual return on plan assets. Remeasurements are recognised in full in the period in which they occur, in other comprehensive income.

For defined contribution plans, contributions payable for the year are charged to the Consolidated Income Statement as an operating expense.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised within the foreseeable future.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to other comprehensive income or to equity respectively. Otherwise income tax is recognised in the Consolidated Income Statement.

Revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods, in line with the International Commercial terms as defined by the International Chamber of Commerce, have passed to the buyer and can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

29 Summary of significant accounting policies continued

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the significant risks and rewards of ownership are transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated;
- with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividends

Dividend payments are recognised in the period in which they become a binding obligation on the Company, which, for interim dividends, is when they are paid and for final dividends is when they are approved at the AGM.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed as interest payable in the Consolidated Income Statement in the period in which they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

Share-based payments

The Group grants equity-settled and cash-settled share-based payments to certain Directors and employees in the form of share options. Equity-settled share-based payments are measured at fair value at the date of grant using a Black-Scholes model. Cash-settled share-based payments are measured at fair value at the balance sheet date using a Black-Scholes model. The fair value is then charged to the Consolidated Income Statement over the vesting period of the options. In valuing equity-settled payments, no account is taken of any service and performance conditions (vesting conditions) other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided all non-market vesting conditions are satisfied.

At each balance sheet date before vesting the cumulative expense is calculated taking into account the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting above. The movement since the previous balance sheet date is recognised in the Consolidated Income Statement, with a corresponding entry in equity.

The values for the expected life of the options and the expected volatility of the share price used in the calculation model are based on the Directors' best estimates, taking into account conditions for exercise, historic data and behavioural considerations. Management has assessed the impact of market conditions on the valuation and has determined them not be material.

Non-underlying items

The Group presents as non-underlying items on the face of the Consolidated Income Statement, those items of income and expenditure which, because they are either non-trading related, non-recurring or are valued using market-derived data which is outside management's control, merit separate presentation to allow Shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to allow assessment of trends in financial performance. Non-underlying items in the current year include share-based payment costs, reorganisation costs, foreign currency hedge ineffectiveness and the associated tax impact on these items.

Non-underlying items in the prior year include share-based payment costs, reorganisation costs, onerous leases and impairment of fixed assets, GMP equalisation and the associated tax impact on these items.

29 Summary of significant accounting policies continued

Use of judgements and accounting estimates

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amount of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates and judgements. Where appropriate, details of estimates and assumptions used are set out in the relevant notes to the accounts.

The key figures in the accounts that are most sensitive to such judgements and estimates are:

Judgements

- Impairment of property, plant and equipment – the Group performs an impairment review when indications of impairment exist. Following the recognition of an impairment charge in the prior year, the loss before taxation incurred in the current year and the economic impact of COVID-19, the Directors undertook a detailed impairment review of the foundry businesses. Impairment testing requires an estimate of future cash flows and the application of a suitable discount rate. Note 12 provides details of the impairment review undertaken during the period.
- Impairment of business incentives – the Group classifies business incentive payments made upfront for the award of contracts within prepayments. These business incentives are amortised to the Income Statement through sales over a five year period. The Group undertakes an impairment review at each reporting period to ensure each contract relating to the business incentive payment still has an economic benefit to the Group. Business incentive payments are included within other receivables within Note 15.
- Going concern - a 18 month forecast has been prepared to assess the Group's ability to continue to operate as a going concern. This forecast includes assumptions on the future level of trading activity, profitability and cash flow expected during this period and downside sensitivities to reflect scenarios where revenue growth targets are not met. The Directors' Report on pages 20 and 21 provide further details on the going concern assumption.

Accounting estimates

- Defined benefit scheme pension liabilities: the cost of the closed defined benefit pension plan is determined using actuarial valuations. The actuarial valuation, which is undertaken by external experts, involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Note 21 provides details of the defined pension scheme liabilities and valuation assumptions.
- Recoverability of deferred tax assets: deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. The Group has assessed that it is probable that future profits will fully utilise current tax losses and other deductible temporary differences. Deferred tax assets relating to the pension scheme deficit are expected to be recovered over the period that contributions are made into the scheme, including the agreed contributions to April 2028. The deferred tax assets have been assessed as recoverable against forecasts of future taxable profits. Note 17 provides details of the deferred tax assets.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHAMBERLIN PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Chamberlin Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the consolidated income statement, the consolidated statement of comprehensive income, consolidated and parent company balance sheets, the consolidated and parent company cash flow statements, the consolidated and parent company statements 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 and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 31 March 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 28 in the financial statements, which indicates that the Group and company is exposed to material uncertainty related to going concern over the rate at which new work can be secured to replace the lost Borg Warner activity which is difficult to predict. As stated in note 28, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In concluding that there is a material uncertainty, we performed the following procedures:

- Obtained management's base case forecasts covering the period from 1 April 2020 to 30 September 2022. We assessed how these forecasts were compiled, including assessing the appropriateness of management's forecasts and sensitivities to the underlying assumptions;
- Assessed the reliability of management's forecasting by comparing the actual financial performance in the prior period to prior period forecasts;
- Obtained management's reasonable downside scenario to assess the potential impact of sales assumptions not being achieved by the business. We evaluated the assumptions applied, including the reduction in revenue and the resulting effect on working capital, for reasonableness and determined whether they had been applied accurately. We also considered whether the assumptions are consistent with our understanding of the business;
- Assessed management's determination of the impact of the mitigating factors available to them to restrict the cash impact arising from the loss of Borg Warner. This assessment included the corroboration of mitigating actions taken by management to relevant documentation and the review of the application in the forecasts for accuracy;
- Obtained evidence in form of bank statements to ensure £3.3m raised from the share placing and subscription has been received;
- Obtained management's consultation form to evidence the restructuring process has commenced;
- Performed sensitivity analysis on management's reasonable downside scenarios to determine the reduction in revenue that would lead to elimination of the headroom in their original cash flow forecasts; and
- Assessed the adequacy of the going concern disclosures included within the annual report.

Overview of our audit approach

- Our group materiality was determined at £450k, being 1.7% of the group's total revenues.
- Key audit matters were identified as material uncertainty related to going concern, revenue recognition and valuation of defined benefit pension scheme liabilities for the group.
- We have performed full-scope audit procedures on the financial statements of Chamberlin Plc and on the financial information of all subsidiaries of Chamberlin Plc.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Material uncertainty related to going concern section', we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Revenue recognition Revenue is recognised when the performance obligation to the customer has been achieved, being the sale of manufactured products. 'Revenue from contracts with customers'. Revenue from the sale of goods is recognised at a point in time when promised goods have been transferred to a customer at which point the performance obligation is considered to have been satisfied. The customer is considered to obtain control of the promised goods at the point of delivery. Revenue is the key driver of the business and used as an important benchmark by analysts for assessing the health of the Group. We deemed the significant risk to be in respect of uncollected revenue as this is the area considered to be most susceptible to manipulation by management in close proximity to the year end where there is an incentive to meet performance targets. We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: → evaluating the revenue recognition accounting policies for appropriateness in accordance with the requirements of International Financial Reporting Standard 15 'Revenue from Contracts with Customers' and executing audit procedures to provide evidence that revenue was accounted for in accordance with these policies; → assessing the design effectiveness of the relevant controls in place associated with revenue recognition; → testing a sample of revenue transactions across the Group to ensure revenue recognition was appropriate by agreeing amounts to contracted amounts, cash receipts and/or proof of delivery where applicable; → assessing revenue analytically by comparing revenue recognised during the year to prior years; and → reviewing post year end credit notes to ensure there were no significant reversals of revenue recorded relating to pre year end The group's accounting policy on revenue recognition is shown in note 29 to the financial statements and related disclosures are included in note 3. **Key observations** Based on our audit work, we did not identify any evidence of material misstatement in the revenue recognised during the year ended 31 March 2020.
Valuation of defined benefit pension scheme liabilities The group operates a defined benefit pension scheme that provides benefits to a number of current and former employees. At 31 March 2020, the defined benefit pension schemes' net liability was £2.0 million. The gross value of pension scheme liabilities amounted to £16.5 million. The valuation of the pension liabilities in accordance with IAS 19 'Employee Benefits' involves significant judgement and is subject to complex actuarial assumptions. Small variations in those actuarial assumptions can lead to a materially different defined benefit pension scheme liability being recognised within the group financial statements. Therefore, we identified the valuation of the defined benefit pension scheme liabilities as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: → performing a walkthrough of management's process for valuing the defined benefit pension scheme and assessing the design effectiveness of key controls; → Utilising an auditor expert to test the methodology applied in assessing compliance with IAS 19 'Employee Benefits', including whether the liabilities arising from the defined benefit scheme were being evaluated in accordance with the accounting policy; → utilising the work of an auditors expert to evaluate and challenge the assumptions used in the calculation, including discount rates, price inflation, pension rate increases, mortality rates and the methods employed in the calculation of the pension liability; and The group's accounting policy on defined benefit pension schemes is shown in note 29 to the financial statements and related disclosures are included in note 21. **Key observations** Based on our audit work, the movements in the key assumptions used are in line with our expectations. . We found no material errors in calculations or in the valuation of the defined benefit pension scheme liability at 31 March 2020.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Company
Financial statements as a whole	Determined at £450k, being 1.7% of the group's total revenues. This benchmark is considered the most appropriate because this is a key performance measure used by the Board of Directors to report to investors on the financial performance and financial position of the group. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2019 as a result of the decrease in performance of the group during the year.	£115k, which was determined based on 1.5% of the company's total assets. This benchmark is considered the most appropriate because this is a key performance measure used by the Board of Directors to report to investors on the financial performance and financial position of the company, whose principal activity is that of an investment holding company. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2019 as a result of a decrease in total assets.
Performance materiality used to drive the extent of our testing	We determined a performance materiality of 75% of the financial statement materiality. This is consistent with performance materiality percentage in the previous year.	We determined a performance materiality of 75% of the financial statement materiality. This is consistent with performance materiality percentage in the previous year.
Specific materiality	We determined a lower level of specific materiality for certain areas such as non-underlying costs and related party transactions.	We determined a lower level of specific materiality for certain areas such as non-underlying costs and related party transactions.
Communication of misstatements to the audit committee	£22.5k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£5.8k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and included performing walkthroughs of management's processes and assessing the design effectiveness of key controls. The subsidiaries of the group were evaluated by the audit team based on a measure of materiality considering each as a percentage of total group assets, liabilities, revenues and profit before taxes to determine the planned audit response. In order to address the audit risks described above as identified during our planning procedures, we performed a full-scope audit of the financial statements of the parent company, Chamberlin Plc, and on the financial information of the group's subsidiaries. The operations that were subject to full-scope audit procedures made up 100 per cent of consolidated revenues and 100 per cent of total profit before tax for continuing operations.

Other information

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

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

We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements. Matters on which we are required to report under the Companies Act 2006

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the 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.

Matters on which we are required to report by exception

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 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 20, 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MATTHEW BUCKINGHAM
SENIOR STATUTORY AUDITOR
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
15 April 2021

AUDIT COMMITTEE REPORT

Key objective

The Audit Committee acts on behalf of the Board and the Shareholders to ensure the integrity of the Company's financial reporting, evaluate its systems of risk management and internal control and oversee the relationship and performance of the external auditors.

Membership, meetings and attendance

The composition of the Audit Committee during the year was:

David Flowerday (Chairman)
Keith Butler-Wheelhouse

David Flowerday became Chairman of the Audit Committee following the departure of Keith Jackson in July 2019. The Audit Committee meets at least twice during the year and details of the attendance at meetings are shown on page 15.

Responsibilities

The Audit Committee's main functions include, inter alia, reviewing and monitoring internal financial control systems and risk management systems, considering the annual report, interim accounts and auditor's reports, and making recommendations to the Board in relation to the appointment and remuneration of the auditors .

The main responsibilities of the Committee are:

- to review accounting policies and the integrity and content of the financial statements;
- to monitor disclosure controls and procedures and the Company's internal controls;
- to monitor the integrity of the financial statements of the Company and to assist the Board in ensuring that the Annual Report and Accounts, when taken as a whole, are fair, balanced and understandable;
- to review and approve preliminary results announcements;
- to consider the adequacy and scope of external audits;
- to review and approve the statements to be included in the Annual Report on internal control and risk management; and
- to review and report on the significant issues considered in relation to the financial statements and how they are addressed.

Key activities during the year

The key activities and areas covered by the Audit Committee during the year were as follows:

Annual and Interim Results

At the request of the Board, the Committee reviewed the presentation of the Company's audited results for the year to 31 March 2020, and the unaudited results for the six months to 30 September 2019, to ensure that they were fair, balanced and understandable and provide sufficient information necessary for Shareholders and other users of the accounts to assess the Company's position and performance, business model and strategy.

The most significant areas of focus in relation to the results for the year ended 31 March 2020 were as follows:

- impairment of fixed assets. Following the recognition of an impairment charge in the prior year, the loss before taxation incurred in the current year and the economic impact of COVID-19, the Directors undertook a detailed impairment review of the foundry businesses. The review concluded that no impairment was required in the current year. The Audit Committee discussed the assumptions made in the value-in-use assessment concerning the future performance of the businesses, including the downside sensitivity analysis used to reflect the current Covid-19 induced uncertainties, and the discount rate applied to future cash flows and found them to be reasonable;
- pension scheme valuation. The closed defined benefit pension scheme liability of £2.0m is a significant liability on the Group's balance sheet. Consequently the Audit Committee reviewed the appropriateness of the assumptions used by the external actuary in deriving the IAS 19 liability and found them to be reasonable.
- going concern. The Audit Committee reviewed the appropriateness of the 18 month forecasts used to assess the Group's ability to continue to operate as a going concern. This review included discussion of the assumptions used in the forecasts, including the downside sensitivity analysis used to reflect the uncertainties regarding revenue growth and found them to be reasonable in the light of the current information available.

Management override of internal controls

The Audit Committee considered the inherent risk of management override of internal controls as defined by Auditing Standards. In doing so the Audit Committee continues to review the overall robustness of the control environment.

PARENT COMPANY BALANCE SHEET
AT 31 MARCH 2020

	Notes	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Property, plant and equipment	12	**751**	779
Intangible assets	13	**22**	2
Investments	20	**1,816**	2,895
Deferred tax asset	17	**552**	817
		3,141	4,493
Current assets			
Trade and other receivables	15	**160**	165
Income taxes receivable	15	**–**	132
Amounts due from subsidiary undertakings	15	**3,696**	3,761
		3,856	4,058
Total assets		**6,997**	8,551
Current liabilities			
Financial liabilities	16	**1,692**	57
Trade and other payables	16	**996**	1,300
		2,688	1,357
Non-current liabilities			
Financial liabilities	17	**57**	59
Deferred tax	17	**–**	33
Defined benefit pension scheme deficit	21	**1,959**	2,640
		2,016	2,732
Total liabilities		**4,704**	4,089
Capital and reserves			
Share capital	18	**1,990**	1,990
Share premium		**1,269**	1,269
Capital redemption reserve		**109**	109
Retained earnings		**(1,075)**	1,094
Total equity		**2,293**	4,462
Total equity and liabilities		**6,997**	8,551

The loss dealt with in the accounts of the parent Company was £2,634,000 (2019: profit of £1,621,000).

KEVIN NOLAN

NEIL DAVIES

DIRECTORS

The accounts were approved by the Board of Directors on 15 April 2021.

PARENT COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
Operating activities			
(Loss)/profit for the year before tax		**(2,355)**	1,562
Adjustments to reconcile (loss)/ profit for the year to net cash outflow from operating activities:			
Net finance costs		**128**	210
Impairment of investments		**1,079**	3,260
Depreciation of property, plant and equipment	12	**60**	112
Amortisation of software	13	**5**	1
Profit on sale of Exidor		**–**	(6,515)
Share-based payments	19	**59**	40
Difference between pension contributions paid and amounts recognised in the Income Statement		**(279)**	(2,475)
Decrease/(increase) in receivables		**69**	(3,671)
(Decrease)/increase in payables		**(299)**	879
Corporation tax received		**31**	–
Net cash outflow from operating activities		**(1,502)**	(6,597)
Investing activities			
Purchase of property, plant and equipment	12	**(17)**	(76)
Purchase of software		**(7)**	–
Proceeds from sale of subsidiary		**–**	8,520
Net cash (outflow)/inflow from investing activities		**(24)**	8,444
Financing activities			
Interest paid		**(70)**	(98)
Principal element of lease payments		**(35)**	–
Net cash outflow from financing activities		**(105)**	(98)
Net (decrease)/increase in cash and cash equivalents		**(1,631)**	1,749
Cash and cash equivalents at the start of the year		**(23)**	(1,772)
Cash and cash equivalents at the end of the year		**(1,654)**	(23)
Cash and cash equivalents comprise:			
Bank overdraft		**(1,654)**	(23)
		(1,654)	(23)

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Attributable to equity holders of the parent £000
Balance at 1 April 2018	1,990	1,269	109	(602)	**2,766**
Profit for the year	–	–	–	1,621	**1,621**
Other comprehensive income for the year net of tax	–	–	–	61	**61**
Total comprehensive income	–			1,682	**1,682**
Share-based payment	–	–	–	40	**40**
Deferred tax on employee share options	–	–	–	(26)	**(26)**
Total of transactions with Shareholders	–	–	–	14	**14**
Balance at 1 April 2019	1,990	1,269	109	1,094	**4,462**
Loss for the year	–	–	–	(2,634)	**(2,634)**
Other comprehensive income for the year net of tax	–	–	–	373	**373**
Total comprehensive expense	–	–	–	(2,261)	**(2,261)**
Share-based payment	–	–	–	59	**59**
Deferred tax on employee share options	–	–	–	33	**33**
Total of transactions with Shareholders	–	–	–	92	**92**
Balance at 31 March 2020	**1,990**	**1,269**	**109**	**(1,075)**	**2,293**

Share premium account

The share premium account balance includes the proceeds that were above the nominal value from issuance of the Company's equity share capital.

Capital redemption reserve

The capital redemption reserve has arisen on the cancellation of previously issued shares and represents the nominal value of those shares cancelled.

Retained earnings

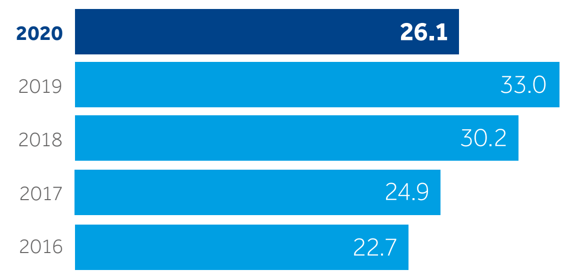
Retained earnings include the accumulated profits and losses arising from the Company Income Statement and items from the Company Statement of Comprehensive Income attributable to equity Shareholders, less distributions to Shareholders and share-based compensation expense.

FIVE YEAR FINANCIAL SUMMARY

	2020	2019*	2018*	2017*	2016*
Revenue (£m)	**26.1**	33.0	30.2	24.9	22.7
Underlying loss before tax (£'000)	**(1,434)**	(1,509)	(1,006)	(299)	(713)
Statutory loss before tax (£'000)	**(2,343)**	(4,957)	(1,112)	(516)	(854)
Underlying diluted earnings per share (pence)	**(18.7)**	(19.5)	(15.8)	(4.5)	(7.7)
Cash generated from operations (£'000)	**1,546**	(3,379)	791	(454)	1,037

*Restated for change in presentation of pension administration and pension interest costs.

REVENUE (£m)

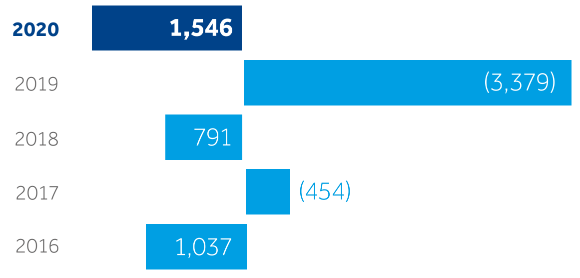


UNDERLYING LOSS BEFORE TAX (£000)

STATUTORY LOSS BEFORE TAX (£000)

UNDERLYING DILUTED EARNINGS PER SHARE (p)

CASH GENERATED FROM OPERATIONS (£000)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held on Tuesday 8 June 2021 at the Registered Office, Chuckery Road, Walsall, WS1 2DU at 11 a.m. Due to the current restrictions arising from the COVID-19 pandemic, in-person attendance at the meeting this year is not permitted. Therefore, it is requested that Shareholders exercise their right to vote by proxy.

The meeting is convened for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Report of the Directors, Annual Accounts and Report of the Auditors for the year ended 31 March 2020 (Resolution 1).
2. To re-elect as a Director Keith Butler-Wheelhouse (Resolution 2).
3. To re-elect as a Director Kevin Nolan (Resolution 3).
4. To re-elect as a Director Neil Davies (Resolution 4).
5. To re-elect as a Director David Flowerday (Resolution 5).
6. To elect as a Director Trevor Brown (Resolution 6)
7. To approve the Directors' Remuneration Report for the year ended 31 March 2020 (Resolution 7).
8. To reappoint Grant Thornton UK LLP as Auditors of the Company until the conclusion of the next annual general meeting of the Company (Resolution 8).
9. To authorise the Directors to determine the remuneration of the Auditors (Resolution 9).
10. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (in substitution for alll existing authorities under section 551 of the Companies Act 2006 which, to the extent unused at the date of this resolution, are revoked with immediate effect) to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £23,208 provided that (unless previously revoked, varied or renewed) such authority shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 8 September 2022, but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and notwithstanding such expiry the Directors may allot shares or grant such rights in pursuance to such offers or agreements as if this authority had not expired (Resolution 10).

To consider and, if thought fit, to pass the following resolutions as special resolutions:

11. That, subject to the passing of resolution 10 and pursuant to section 570 of the Companies Act 2006 the Directors be and are hereby generally empowered (in substitution for all existing powers under section 570 of the Companies Act 2006 which, to the extent unused at the date of this resolution, are revoked with immediate effect) to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority granted by resolution 10 as if Section 561(1) of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities

    a. in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

        i. to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

        ii. to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    b. otherwise than pursuant to paragraph 11(a) of this resolution, up to an aggregate nominal amount of £13,924 (representing 20% of the current issued ordinary share capital of the Company),

and (unless previously revoked, varied or renewed) this power shall expire at the earlier of the conclusion of the next Annual General Meeting, of the Company or 8 September 2022, but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and notwithstanding such expiry the Directors may allot shares or grant such rights in pursuance of such offers or agreements as if this authority had not expired (Resolution 11)

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

12. That, subject to the passing of resolution 10 and pursuant to section 570 of the Companies Act 2006 the Directors be and are hereby generally empowered (in addition to any authority granted under resolution 11) to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority granted by resolution 10 as if Section 561(1) of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

    a. up to an aggregate nominal amount of £13,924 (representing 20% of the current issued share capital of the Company); and

    b. used only for the purpose of financing (or refinancing, if the authority is to be used within 6 months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and (unless previously revoked, varied or renewed) this power shall expire at the earlier of the conclusion of the next Annual General Meeting, of the Company or 8 September 2022, but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and notwithstanding such expiry the Directors may allot shares or grant such rights in pursuance of such offers or agreements as if this authority had not expired (Resolution 12)

13. That the Company be and hereby is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares on such terms and in such manner as the Directors may from time to time determine provided that:

    a. the maximum aggregate number of Ordinary Shares which may be purchased is 6,962,478;

    b. the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 0.1 pence;

    c. the maximum price which may be paid for each Ordinary Share is an amount equivalent to 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange Plc for the five business days immediately preceding the day on which the Ordinary Share in question is purchased, and (unless previously revoked, varied or renewed) this authority shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 8 September 2022, save that the Company may enter into a contract to purchase Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired (Resolution 13).

By order of the Board

NEIL DAVIES
COMPANY SECRETARY
15 April 2021

Chuckery Road
Walsall
WS1 2DU

General Information

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. However, in light of the ongoing COVID-19 pandemic, Shareholders, proxies (other than the Chairman of the meeting), advisers and other guests will not be allowed to attend the Meeting in person and anyone seeking to attend the Meeting will be refused entry. The Company will arrange for the minimum quorum of two Shareholders present in person or by proxy necessary to conduct the business of the Meeting to attend the Meeting and social distancing guidelines will be observed. Any other Shareholders attempting to attend the Meeting in person will be refused admission. Shareholders are strongly encouraged to therefore submit their votes on the Resolutions as early as possible. Shareholders should appoint the 'Chairman of the meeting' as their proxy. If a Shareholder appoints someone else as their proxy, that proxy will not be able to attend the Meeting in person and cast the Shareholder's vote.

2. A Form of Proxy is enclosed for your use if desired. Please carefully read the instructions on how to complete the Form of Proxy. For a Form of Proxy to be effective, the instrument appointing a proxy together with the power of attorney or such other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority must reach the Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD not less than 48 hours before the time of holding of the Meeting. The Form of Proxy should therefore be completed and deposited with the Company's Registrars by 11 a.m. on 4 June 2021.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders on the register of members at close of business on 4 June 2021, or in the event that the above General Meeting is adjourned, on such register at 6.00 p.m. on the date two days before the adjourned Meeting (excluding any part of a day that is not a business day), shall be entitled to attend or vote at the Meeting in respect of the number of Shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.
4. You may only appoint Chairman of the meeting as your proxy.
5. To appoint Chairman of the meeting as your proxy or to give an instruction to your proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 7RA11) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. As at the date of this document, the Company's issued share capital comprised 69,624,792 ordinary shares of 0.1 pence each. Each Share carries the right to vote at a shareholder meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this document is 69,624,792.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her decision. As you will only be permitted to appoint the Chairman of the meeting as your proxy, he will vote in favour of all of the resolutions at the Meeting unless you direct him otherwise.
8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD and in the case of a member which is a corporation, the revocation notice must be executed in accordance with note (9) below. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice and must be received by the Registrars not less than 48 hours before the time fixed for the holding of the General Meeting or any adjourned meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to attend, speak and to vote provided that in calculating such periods no account shall be taken of any part of a day that is not a working day. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
9. A corporation's Form of Proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duly authorised officer or attorney.
10. Any power of attorney or any other authority under which the Form of Proxy is signed (or duly certified copy of such power of authority) must be included with the Form of Proxy.
11. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.
12. There will be available for inspection at the Registered Office of the Company during normal business hours (Weekends and Public Holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting copies of contracts of service of Directors (including letters of appointment of non-executive Directors) with the Company or with any of its subsidiary undertakings.
13. Biographical details of all directors who are offering themselves for election and re election at the meeting are set out on page 11 of the enclosed annual report and accounts.
14. An explanation of Resolutions 10 to 13 is set out in the Report of the Directors on page 19.
15. Members should notify the Registrars without delay of any change of address.

SHAREHOLDER INFORMATION

Directors	Keith Butler-Wheelhouse (Non-Executive Chairman) Kevin Nolan (Chief Executive) Neil Davies (Finance Director) David Flowerday (Non-Executive Director) Trevor Brown (Non-Executive Director)
Company Secretary	Neil Davies
Registered Office	Chuckery Road Walsall WS1 2DU Registered in England No. 00076928
Auditor	Grant Thornton UK LLP Birmingham
Solicitors	DLA Piper Birmingham
Nominated Advisers and Joint Brokers	Cenkos Securities plc London Peterhouse Securities Limited London
Bankers	HSBC Bank plc Birmingham
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD

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Consultancy, design and production by:
jonesandpalmer.co.uk

Visit us online

For more information on Chamberlin Group operations please visit our website at:

www.chamberlin.co.uk

chamberlin plc

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