CHAMBERLIN PLC

Annual Report and Accounts for the year ended 31 May 2022

PROUD HERITAGE, EXCITING FUTURE

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 difficulties that Chamberlin faced in the previous financial period have been well documented but I am pleased to report that these difficulties are now largely behind us. The Group is well positioned to continue its journey to a full recovery and expects to return to a more sustainable level of profitability"

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
- Huge opportunity to benefit from new E-commerce products in the growing global market-place for fitness equipment and cookware
- In-house design and engineering capabilities to rapidly develop high-quality, bespoke precision products for sale direct to the consumer and businesses
- A focused Board of Directors determined to position the Group for growth and to deliver shareholder value over the medium term
- Authentic UK manufacturer with a reputation for quality products developed over more than 130 years of engineering excellence

Key Points
Financial

- FY 2022 Group operational performance significantly improved compared to the prior period, delivering a 79% increase in adjusted EBITDA and a full year profit after tax for the first time in five years
- Revenue of £16.8m (14 months to 31 May 2021: £26.4m) was 26% lower than prior year on a pro rata basis reflecting the loss of BorgWarner Turbo Systems Worldwide ("BorgWarner") contracts in 2021 and headwinds in the automotive sector. Encouragingly, revenues at Russell Ductile Castings ("RDC") and Petrel increased by 20% and 21% respectively on a pro rata basis
- Transformational reduction in underlying operating loss to £0.7m (14 months to 31 May 2021: £2.9m loss) driven by improvements across all divisions, but most significantly, by record profits at RDC and Petrel
- Underlying loss before taxation reduced to £1.0m (14 months to 31 May 2021: £3.2m)
- Statutory loss before tax of £0.5m (14 months to 31 May 2021: £10.4m) significantly reduced from 2021 which included £7.2m of non-underlying costs and impairments
- Profit after tax of £0.1m (14 months to 31 May 2021: £9.6m loss) demonstrates the significant progress made in 2022
- Underlying diluted loss per share of (0.5)p (14 months to 31 May 2021: (13.7)p loss per share)
- Total diluted earnings per share of 0.1p (14 months to 31 May 2021: (55.1)p loss per share)

Operational

- Foundry revenues fell by 32% on a pro rata basis to £13.6m (14 months to 31 May 2021: £23.3m) reflecting the loss of BorgWarner revenue at Chamberlin & Hill Castings (CHC) partially offset by a 20% increase at RDC
- Foundry operating loss reduced to £0.5m (14 months to 31 May 2021: £1.9m) driven by lower losses at CHC from cost reductions and a record level of profitability at RDC
- Engineering revenues of £3.2m increased by 21% on a pro rata basis (14 months to 31 May 2021: £3.1m) as the business made substantial progress in recovering from COVID-19 impacts in 2021. Operating performance continued to go from strength to strength, with the business delivering a record operating profit of £0.5m (14 months to 31 May 2021: £0.2m) by improving margins and tightly controlling costs

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

Adjusted EBITDA defined as operating profit before interest, taxation, depreciation, amortisation and non-underlying items

CHAIRMAN'S STATEMENT

The difficulties that Chamberlin faced in the previous financial period have been well documented but I am pleased to report that these difficulties are now largely behind us. This financial year has seen the Group execute its restructuring plan to significantly reduce its cost base following the loss of the BorgWarner work in 2021 and effectively manage a rapidly changing economic landscape that has seen unprecedented cost and supply chain pressures.

The Group strengthened the balance sheet through a £1.6m fundraise in February 2022 and completed a sale and leaseback of the property owned by RDC in May 2022. These actions have contributed to the Group returning to a positive net asset position of £0.4m at the end of the financial year compared to a £2.6m net liability position in 2021.

In addition, the Group launched two new e-commerce brands in Iron Foundry Weights ("IFW") and Emba cookware and developed and pursued a new, ambitious strategic direction to enhance shareholder value over the medium to long term.

The journey to a full recovery in the operational performance and financial standing of the Group has begun extremely well and the financial results for 2022 are evidence of the progress made. All of the operating divisions have made substantial improvements to their performance compared to the prior financial period, although progress at CHC has been slower than anticipated. These operational improvements have enabled the Group to deliver a profit after tax of £0.1m, a significant turnaround from the £9.6m loss made in 2021.This is the first time in over five years that Chamberlin has reported a profit after tax to shareholders and is the first step towards our future growth ambitions.

The Board and Staff

The Board have worked tirelessly through these challenging times to return the Group to a stable financial position and I have been pleased with the seamless transition made by Kevin Price, Alan Tomlinson and Trevor Brown to their new roles on the Board.

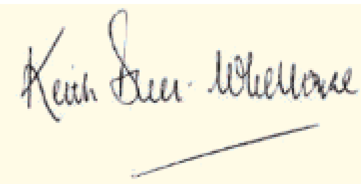
The success of Chamberlin in the future will not only be determined by the leadership and strategic vision provided by the Board but as importantly, will be shaped by the outstanding professionalism, dedication and expertise provided by our loyal workforce. Our employees have a passion for innovation and a keen focus on delivering excellence to all our customers, which enhance Chamberlin's reputation and contribute to making the Group a leader in many of its markets. I would like to place on record the Board's thanks to all our employees for their considerable efforts during the past year.

Outlook

The Group is well positioned to continue its recovery and expects to return to a more sustainable level of profitability, having taken the appropriate steps to reduce its cost base and improve performance at CHC, and to develop and invest in new growth strategies for each business.

The overall economic outlook for global markets remains uncertain, but the Board is pleased to report that all three operating divisions have made a positive start to the new financial year. At the present time, demand across all of the Group's businesses remains buoyant , driven in particular at CHC and RDC by an increasing trend towards UK on-shore supply. This has contributed to higher than expected levels of orders for Q1 FY 2023 and strong ongoing order books.

The Board continues to focus on opportunities to provide the Group with adequate resources to meet the requirements of the Group's growth strategy and insulate the Group from potential adverse macro-economic risks.



KEITH BUTLER-WHEELHOUSE
CHAIRMAN

4 November 2022

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 up to 6 ton castings, in a wide variety of iron grades.
- The machining centre, opened in 2017, supports the light castings made in Walsall.

The Engineering Division manufactures and supplies hazardous area lighting to regulated markets operating from a site in Birmingham.

Principal markets

The Group manufactures products that are used across a highly diversified number of industries, including:

Passenger automotive vehicles

Commercial vehicles

Heavy plant and machinery

Renewable energy

Oil and gas

Ports and shipping

Infrastructure projects

Direct exports are an important part of the Group's activities and accounted for 21% of revenue in 2022 to our customers in Europe, America, the Middle East and Asia. Global demand for UK engineered products is strong and our customers are typically leaders in their sectors.

CHIEF EXECUTIVE'S REVIEW

I am delighted to report that Chamberlin has returned to profitability for the first time in over five years. This performance is even more pleasing given the challenges faced by the Group over the last 12 months. During this period, the Board and the senior management team have worked together to:

- Substantially reduce the cost base at Chamberlin and Hill Castings in the wake of the loss of the BorgWarner contracts at the end of the last financial period
- Mitigate the unprecedented level of raw material price increases to maintain margins at the required level
- Raise £1.6m from shareholders to strengthen the balance sheet and to implement the new growth strategy and investment plans
- Generate £1.25m from the sale and leaseback of the property owned by RDC, providing further funds for investment in its capacity expansion plans and to reduce the pension deficit by £0.6m
- Launch new products at Chamberlin and Hill Castings through its IFW fitness and Emba cookware brands
- Navigate an uneven level of demand from our automotive customers
- Refinance historic debts relating to machine shop plant and equipment

The Group has been able to successfully navigate its way through these issues to deliver a significant improvement in financial performance and to place the Group on a solid financial base from which our strategic plans for growth can be delivered.

Group revenue of £16.8m for the year ended 31 May 2022 (14 months to 31 May 2021: £26.4m) was 26% lower than the prior period on a pro rata basis, largely reflecting the loss of revenue at Chamberlin and Hill Castings from the cancellation of contracts by BorgWarner in 2021. However, revenue at RDC and Petrel continued the strong upward trajectory from 2021, leading to increases of 20% and 21% respectively on a pro rata basis. The 20% increase in revenue at RDC was in addition to an 18% pro rata increase in 2021 and continues to be driven by reduced competition in the UK foundry industry and the trend to re-shoring to the UK from overseas. Petrel's revenue growth in 2022 has been primarily driven by a recovery in export markets following a reduction in the immediate aftermath of Brexit, with export revenues now representing 31% of Petrel's total revenue (2021: 10%).

The underlying operating loss reduced by 76% to £0.7m (2021: £2.9m), with the underlying loss before interest, tax, depreciation and amortisation reducing to £0.4m (2021: £2.1m loss). This improvement in financial operating performance compared to 2021 came from all three sites, although the pace of the improvement in results at Chamberlin and Hill Castings was slower than anticipated due to the uneven recovery in automotive volumes. RDC improved its operating profit significantly through increased revenues and gross margin improvement whilst Petrel's performance benefitted from higher revenues and gross margin together with the full year benefit of overhead cost reductions implemented in 2021.

After net interest costs of £0.3m (2021: £0.3m), the Group made an underlying loss before tax of £1.0m (2021: £3.2m loss). With non-underlying items amounting to a £0.5m credit in 2022 compared to the £7.2m charge taken in 2021, the statutory loss before tax of £0.5m was 95% lower than the £10.4m loss incurred in 2021. The tax credit in 2022 amounted to £0.6m (2021: £0.8m) and reflected research and development tax credits receivable from the prior period of £0.3m and deferred tax of £0.3m recognised on trading losses in respect of RDC in the light of their continued improved financial performance. On an after tax basis, the Group delivered a modest but pleasing £0.1m profit (2021: £9.6m loss), a significant turnaround compared to the prior period and giving the Group a basis for delivering future sustainable profitable growth.

In conjunction with returning the Group to profitability, there has been substantial progress made in the key objective of strengthening the balance sheet after the significant loss incurred in 2021.With this in mind, the Group successfully raised £1.6m net of expenses from shareholders in February 2022 to provide funds for investment in new growth strategies and provide working capital during the implementation. In addition, as part of the Group's initiative to improve financial stability, a sale and leaseback transaction was completed in May 2022 on the property owned by RDC generating gross proceeds of £1.25m. The proceeds were used to reduce the pension scheme deficit by £0.6m and to provide the funds for further investment in the business. These actions have contributed to the improvement in the Group's financial position, with the balance sheet returning to a positive net asset position of £0.4m compared to a £2.6m net liabilities position in 2021. Although net debt increased at 31 May 2022 to £5.0m (31 May 2021: £1.8m), this was largely due to the payment of redundancy costs provided for in 2021 of £1.3m, the unwind of working capital associated with the loss of the BorgWarner contracts in 2021 and an increase in lease liabilities of £1.0m arising from the sale and leaseback of the property at RDC.

During this financial year, the Group embarked upon its strategy to deliver sustainable profitable growth over the medium to long term by diversifying away from reliance on the automotive sector, investing in plant and machinery to increase capacity and investing in new products in markets with strong growth characteristics and opportunities. The progress made in each of our three businesses in the context of the above strategy is discussed below:

Chamberlin & Hill Castings Ltd - Casting Facility and Machining Facility ("CHC")

The Board has continued to implement the strategy to reduce sole reliance on the automotive industry, diversify the Group's customer base and pursue more attractive markets.

In relation to the Group's automotive products, well publicised global economic conditions such as inflation, escalating raw material costs, supply chain shortages and a slowdown in the automotive industry remain challenges to trading conditions. As a result, management continue to reduce costs, improve efficiencies, and optimise pricing at CHC in order to improve margins and restore sustainable profitability to the Group. Unfortunately, these actions are taking longer to implement than anticipated and the division continues to operate at a loss and is not yet cash generative, albeit the losses are reducing on a monthly basis. However, longer term demand for the Group's automotive products is expected to improve in the second half of FY 2023 and the Group has been successful in winning new contracts in the niche supercar market and the commercial vehicle sector.

The Group, as the sole UK based foundry manufacturer and distributor of UK made cast iron cookware, launched its Emba range at the end of November 2021, which continues to be very well received by consumers. The Group has utilised targeted marketing to businesses, subsequently entering into a number of small distribution deals, with traditional and digital retailers, for the Emba products, as well as focusing on more penetrative marketing strategies for sales direct to consumers including advertising through social media platforms, such as Instagram.

The Board was very encouraged by the rapid increase in sales, new leads and social media followers in the final quarter of FY 2022. With the in-house capability to design, manufacture and distribute new products into a global marketplace, the Board firmly believe that further development and investment in Emba cookware will position the brand to be a material contributor to growth over the coming months and years.

The IFW brand was launched in May 2021 selling direct to the consumer, where the Group can offer high-quality, UK made products that have a significantly reduced carbon footprint compared to products imported from overseas. Demand in the fitness equipment market has reduced considerably in the final quarter of the financial year and the Board are continuing to assess the most cost effective options for securing market share. However, Chamberlin is well positioned to take advantage of market opportunities as they arise through our unique ability to design, manufacture and machine, fitness products on a high-volume or bespoke basis.

Driven by the exciting progress of the consumer products brands and the feedback from consumers, Chamberlin has designed a number of new premium products to support the existing Emba and IFW offerings and plans to launch these products in 2023. Chamberlin has recently installed a new shotblast system at CHC to support the growth plans and ensure that it provides premium quality, competitively priced products.

Russell Ductile Castings Ltd ("RDC")

The Company's Scunthorpe foundry continues to operate at near full capacity in response to both a growing customer demand and pipeline of opportunities, with the current order book at sufficient levels to ensure already that around 70% of the full-year FY 2023 management sales expectations are met. The substantial opportunities for RDC arise from a combination of reduced competition in the UK as competitor foundry numbers continue to dwindle and the growing trend of re-shoring production back to the UK from overseas foundries. With planning permission now secured, the investment programme to expand both the production capacity by up to 40% and the types of product that can be manufactured at RDC's facilities to exploit new growth opportunities, including in the offshore and green energy generation markets, is expected to be completed towards the end of November 2022.

Petrel Ltd

Petrel, Chamberlin's specialist lighting business, delivered a record operating profit during FY 2022 and continues to exceed the Board's expectations significantly. Petrel continues to benefit from a strong order book, reflecting recovery from the lows brought about by both COVID-19 and Brexit. Petrel is developing a pipeline of new and innovative products that can be brought to market swiftly and potentially move Petrel into a market leading position. Management are also investigating the provision of additional services (such as warranty, inspection and maintenance) to its customers that have a significant installed base of Petrel products. In addition, management continue to review and update Petrel's existing product range through in-house design and manufacture of new products as new technology evolves.

Outlook

The Board's strategy has already begun both to shape the future direction of the business and to be reflected in the financial performance of the Group, having generated a modest profit after tax in 2022. We have made good progress on implementing the strategy in a relatively short period of time and have improved the financial stability of the Group to provide the platform to accelerate our plans. There remains work to do in order to achieve our growth ambitions and the Board are mindful of the resources that will be required. Consequently, the Board continues to evaluate the use of its property assets with the objective of strengthening the balance sheet and ensuring that the Group has adequate resources to deliver on its growth strategy. Overall, the Board remain confident that the Group is heading in the right direction, with a strategic plan that will deliver shareholder value in the future.

KEVIN PRICE
CHIEF EXECUTIVE

4 November 2022

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.

ENGINEERING Division

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

(i) By operating segment

	Segmental revenue		Segmental operating profit/ (loss)	
	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
Foundries	**13,604**	23,321	**(463)**	(1,931)
Engineering	**3,232**	3,123	**535**	191
Segment results	**16,836**	26,444	**72**	(1,740)

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
Return on sales (%)	The ratio of the segment's trading profit to the segment's sales.			
	Year ended 31 May 2022	(3.4)	16.6	(4.2)
	14 months ended 31 May 2021	(8.3)	6.1	(11.0)
	The trading profit is defined in the segmental analysis in Note 3.			
Cash flow (£m)	The net decrease/(increase) in net debt			
	31 May 2022			(3.2)
	31 May 2021			2.8
Return on net assets (%)	The ratio of the segment's trading profit to the segment's net assets (as analysed in Note 3).			
	Year ended 31 May 2022	(11.5)	(622.1)	(172.3)
	14 months ended 31 May 2021	417.1	142.5	113.1
Sales per employee (£000)	The ratio of the segment's sales to the segment's average number of employees.			
	Year ended 31 May 2022	88.4	141.0	91.1
	14 months to 31 May 2021	111.6	135.8	109.3

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

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 10 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 11 to 15.

Risk	Description of risk & potential impact	Mitigation
Technological changes in the automotive sector	Revenue in 2022 from passenger vehicle combustion engine components represented around 11% of total Group revenue. Technological advancement towards green technologies for passenger vehicles and away from combustion engines is expected to gather pace over the next five to ten years, leading to a gradual reduction in revenue from this market and a negative impact on the financial performance of the Group.	The Board are fully aware of these developments in our automotive markets and diversification away from passenger vehicle combustion engine components is an embedded component of the Group's strategy. Diversification into consumer products with IFW and Emba is already underway and we are targeting new work in the commercial vehicle and heavy plant markets.
Foreign currency fluctuation	Approximately 16% of Group revenue in 2022 was derived in Euros. Exchange rate fluctuations driven by macro-economic or geo-political factors could have an impact on the financial performance of the Group.	The Group hedges at least 50% of its Euro exposure through forward contracts and reviews the hedged position regularly throughout the year, adjusting where necessary.
Machine shop capacity utilisation	Capacity at the Group's machining facility continues to be under-utilised, with a failure to replace this lost revenue having the potential to have an adverse impact on the financial performance of the Group.	A modest amount of new work has been secured in the year and new business opportunities to increase revenue continue to be actively sought.
Raw material pricing fluctuation	The price of many raw materials is dependent upon movements in commodity prices, especially iron, coke and energy costs.	The Group negotiates, where appropriate, price surcharge arrangements into its customer contracts. Where such arrangements are not formally in place, the Group seeks to work collaboratively and openly with customers on rapidly escalating cost issues. In relation to electricity costs, the Foundries division has a fixed price contract in place for its electricity supply until early 2025.
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 from recessionary pressures, particularly in automotive, 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.
Entry into new markets	Slower than anticipated progress on developing new products and penetrating new consumer-led markets could adversely impact the financial performance of the Group.	The Group utilises the specialist skills of marketing advisers that have experience in launching new products in the markets we are targeting and we have been successful in securing a number of distribution agreements with both physical and on-line retailers. We are continually reviewing and increasing our product offering, listening to and adapting to consumer feedback and seeking further distribution agreements to extend market penetration.
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 23 to the financial statements.

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 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 period.

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 20.
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 20.
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 favored 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 pages 14 and 15 of the Corporate Governance Report.

KEVIN PRICE
CHIEF EXECUTIVE

4 November 2022

GOVERNANCE

THE BOARD

EXECUTIVE DIRECTORS

Kevin Price

Aged 44, Kevin joined the Board and was appointed Chief Executive on 1 June 2021. Kevin has over 25 years' experience in manufacturing and joined Chamberlin in 2015. Prior to his appointment as Chief Executive, Kevin was Operations Director of the Group's Foundry and Machining Facility.

Alan Tomlinson

Aged 54, Alan joined the Board and was appointed Finance Director on 1 June 2021. Alan joined Chamberlin in June 2019 and prior to his appointment as Finance Director, was Group Financial Controller with additional responsibilities for Petrel, Chamberlin's specialist lighting business. Alan has over 25 years' experience in senior finance roles, including 19 years in a FTSE 250 construction company. Alan, a member of the Institute of Chartered Accountants in England and Wales, is also the Company Secretary.

Trevor Brown

Aged 76. 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.

NON-EXECUTIVE DIRECTORS

Keith Butler-Wheelhouse

Aged 76, 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 previously served as a Non-Executive Director with Atlas Copco AB, General Motors Europe, J Sainsbury plc, NIU Solutions and Plastics Capital plc.

Kevin Nolan

Aged 65, Kevin became a Non-Executive Director on 1 June 2021, having joined the Board as Chief Executive in 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. Kevin was a Non-Executive Director of Operational Risk Consortium Limited until March 2022.

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 and high-quality lighting for hazardous areas and industrial applications. A new strategy has been defined in 2022 to deliver sustainable profitable growth over the medium to long term by diversifying away from reliance on the automotive sector, investing in plant and machinery to increase capacity and investing in new products in markets with strong growth characteristics and opportunities.

Further details are provided in the Chairman's' Statement, Chief Executive's 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 aim to ensure that 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 attended by all Board members and several senior operational managers.

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 behavior 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 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 the Board meetings that discuss monthly performance.

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.

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 quarterly 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 business 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 or Chief Executive 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 three Executive Directors and two 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 weekly with ad hoc Board meetings as the business demands in order to facilitate decision-making. 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 in advance of the meetings where possible, giving Directors time to review the documentation and enabling an effective meeting. Resulting actions are tracked and detailed minutes maintained 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.

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 is a continuous process. 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 behaviors
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 behaviors expected from the Group's employees.

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

The Group values its reputation for ethical behavior 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 to risk, be they financial, ethical, environmental, health and safety or operational risks.

The Audit Committee, which consists of two Non-Executive Directors, Kevin Nolan (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 the 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: Kevin Nolan (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 period	48	-	1	2
Trevor Brown	47	n/a	n/a	n/a
Keith Butler-Wheelhouse	47	-	1	2
Kevin Nolan	45	-	1	2
Kevin Price	48	n/a	n/a	n/a
Alan Tomlinson	48	n/a	n/a	n/a

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

By order of the Board

ALAN TOMLINSON
COMPANY SECRETARY

4 November 2022

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:

Kevin Nolan (Chairman)
Keith Butler-Wheelhouse

The Audit Committee meets 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 ended 31 May 2022, and the unaudited results for the six months to 30 November 2021, 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 May 2022 were as follows:

- impairment of assets. In 2021 following the cancellation of all contracts by BorgWarner, the Directors undertook a detailed impairment review of the foundry division cash generating unit (CGU) that was impacted by this decision. This review was updated in 2022 in the light of the CGUs financial performance in the year and future prospects included in the three year forecast. The review concluded that the impairment charge recognized in 2021 was still appropriate in relation to property, plant and equipment as the value in use was deemed to not be materially different to the carrying value to warrant an impairment reversal. The Audit Committee discussed the assumptions made in the value-in-use assessment concerning the future performance of the CGU and found them to be reasonable. The Audit Committee also reviewed the judgements made in relation to slow moving and obsolete stock provisions in the CGU, which were reviewed in the light of new contract wins in the year and forecast increases in revenue in the three year forecast. The Audit Committee concluded that the judgements made appeared reasonable on the basis of expected contracted volumes and the three year forecast for the CGU.
- pension scheme valuation. The closed defined benefit pension scheme valuation returned a surplus of £64,000 which has been recognized on the balance sheet. The Audit Committee reviewed the appropriateness of the assumptions used by the external actuary in deriving the surplus, found them to be reasonable and concluded that it was appropriate for the IAS 19 surplus to be recognized as an asset.
- deferred tax asset. The Audit Committee reviewed the recoverability of the deferred tax asset recognized on the balance sheet of £1,434,000, which included the recognition of a deferred tax asset of £156,000 relating to trading losses in Russell Ductile Castings. The Committee reviewed the tax computations prepared by the Group's tax adviser and concluded that the deferred tax asset recognized was reasonable in the light of the three year profit forecasts for each subsidiary.
- going concern. The Audit Committee reviewed the appropriateness of the three year forecast 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 principal downside sensitivity analysis used to reflect the uncertainties regarding revenue and margin growth and found them to be reasonable in the light of the current information available.

- dilapidations provisions. The Directors in the year reassessed the judgements made concerning the future cost of returning the leased properties to the landlords in the condition specified in the lease. This reassessment was based on negotiations concluded with the landlord in the year and a third party estimate of the remaining expected cost. The Audit Committee reviewed the appropriateness of the third party estimates used to estimate the potential cost of dilapidations and found them to be reasonable.

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.

KEVIN NOLAN
CHAIRMAN, AUDIT COMMITTEE

4 November 2022

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The Remuneration Committee comprises two Non-Executive Directors: Kevin Nolan (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.

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. Kevin Price has an annual base salary of £120,000 and Alan Tomlinson has an annual base salary of £100,000. In July, August and September 2021, both Kevin and Alan voluntarily reduced their salary by 10% during the seasonal reduction in activity, principally in the automotive sector at that time.

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 the light of the difficult circumstances and financial distress caused by the loss of the BorgWarner contracts in 2021, there was no bonus scheme for the Executive Directors in the financial year ended 31 May 2022. Any future bonus scheme will be based on the financial position of the Group, which will be reviewed at the end of each financial year. Discussions regarding a bonus scheme for the financial year ended 31 May 2023 are ongoing.

(c) Share options

On 13 May 2021, options over 3,581,314 ordinary shares of 0.1p were granted to certain Directors and senior management under the Chamberlin Performance Share Plan. The share options have an exercise price of 6p per share and will vest on the third anniversary of the date of grant.

Service Contracts

Kevin Price and Alan Tomlinson have service contracts terminable on three months' notice. In June 2021, the Committee approved an annual salary of £75,000 for Trevor Brown in recognition of his change in role from a Non-Executive Director to Executive Director.

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. In November 2021, the Committee approved a consultancy services agreement with Kevin Nolan for project management services over and above that normally provided by a Non-Executive Director.

Directors' Remuneration

	Basic salary £000	Consultancy £000	Benefits £000	Compensation for loss of office £000	Total remuneration excluding pensions **2022*** **£000**	2021* £000
Executive						
Kevin Nolan**	-	–	–	–	**-**	360
Neil Davies***	-	–	–	–	**-**	372
Kevin Price****	117	-	8	–	**125**	-
Alan Tomlinson	98	**-**	9	–	**107**	-
Trevor Brown	75	–	–	–	**75**	–
Non-Executive						
Keith Butler-Wheelhouse	30	–	–	–	**30**	36
Kevin Nolan**	24	22	1	–	**47**	-
David Flowerday	-	–	–	–	**-**	19
Total 2022	**344**	**22**	**18**	**–**	**384**	
Total 2021	599	–	3	185		787

* Figures for 2021 are for a 14 month period whilst figures for 2022 are for a 12 month period
** Previously Chief Executive prior to becoming a Non-Executive Director on 1 June 2021.
*** Highest paid Director in 2021 (resigned 31 May 2021)
**** Highest paid Director in 2022

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 period. Such emoluments are paid in the same financial period 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 period to Directors under the Chamberlin & Hill Staff Pension and Life Assurance Scheme (2021: nil), which is a closed defined benefit scheme.

Contributions into personal pension plans

	Percentage of basic salary	**Contribution paid 2022 £000**	Contribution paid 2021 £000
Kevin Nolan	10%	**-**	34
Neil Davies	10%	**-**	35
Kevin Price	5%	**6**	-
Alan Tomlinson	5%	**5**	-

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

Directors' Options

	31 May 2021	Granted in year	Exercised in year	Lapsed or forfeited in year	**31 May 2022**	Option exercise price	Exercisable between
Kevin Nolan	666,666	–	–	-	**666,666**	6.0p	14.05.24 – 14.05.31
Kevin Nolan	216,616	–	–	(216,616)	**-**	97.5p	19.06.21 – 19.06.28
Kevin Price	666,666	–	–	–	**666,666**	6.0p	14.05.24 – 14.05.31
Alan Tomlinson	555,000	–	–	–	**555,000**	6.0p	14.05.24 – 14.05.31
	2,104,948	–	–	(216,616)	**1,888,332**		

Prior to their appointment as Chief Executive and Finance Director respectively on 1 June 2021, Kevin Price and Alan Tomlinson were granted share options over 666,666 and 555,000 ordinary shares of 0.1p with an exercise price of 6.0p.

Share options at 31 May 2022 relate to awards made under the Chamberlin Performance Share Plan and will become exercisable from the third anniversary of the date of grant until the tenth anniversary of the date of grant, subject to the continuing employment of the option holder.

No consideration is payable for the grant of an option.

No share options have been exercised in 2021 or 2022.

There have been no changes in the interests set out above between 1 June 2022 and 4 November 2022.

The mid-market price of the ordinary shares at 31 May 2022 was 4.6p and during the year ranged between 4.4p and 10.85p.

On behalf of the Board

KEVIN NOLAN
CHAIRMAN, REMUNERATION COMMITTEE

4 November 2022

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 May 2022.

The Company is a Public Limited Company limited by shares and registered in England with a registration number of 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 May 2022	14 months to 31 May 2021
Foundries	**154**	209
Engineering	**23**	23
Head office*	**8**	10
Group	**185**	242

* 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. On 1 June 2021, Kevin Price and Alan Tomlinson were appointed to the Board as Chief Executive and Finance Director respectively, having previously held senior positions within the Chamberlin group.

(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 period, 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 for our IFW and Emba branded consumer products and 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 12 to the accounts.

Financial instruments

The Company's policy in respect of financial instruments is disclosed in Note 23.

Dividends
The Directors do not recommend the payment of a final dividend (2021: nil p). No interim dividend (2021: 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 19.

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 May 2022 Number of shares	At 31 May 2021 Number of shares
Trevor Brown	**29,175,000**	20,833,333
Keith Butler-Wheelhouse	**620,127**	620,127
Kevin Nolan	**–**	–
Kevin Price	**–**	–
Alan Tomlinson	**–**	–

In the period from 1 June 2022 to 4 November 2022, Trevor Brown acquired further shares and was allotted share options in lieu of salary which increased his shareholding to 31,306,915 and Keith Butler-Wheelhouse acquired further shares which increased his shareholding to 1,482,748 shares.

Special Business at the Annual General Meeting
Directors' authority to allot shares
As in previous years, 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 £31,847 (which represents approximately 30% of the issued ordinary share capital of the Company as at 4 November 2022).

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 £31,847. This sum represents 31,847,012 ordinary shares of 0.1 pence each, being equivalent to 30% of the issued share capital of the Company at 4 November 2022.

Authority to purchase own shares
At the Annual General Meeting in January 2022, the Board was given authority to purchase and cancel up to 6,962,478 of its own shares representing just under 10% of the Company's 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 0.1 pence (the 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 10,615,670 of its own shares, again representing just under 10% of its issued share capital at 4 November 2022.

The authority is sought by way of a special resolution, details of which are also included at item 12 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 12 in the notice of meeting on pages 71 and 72.

Significant Shareholders
At 4 November 2022, 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
Janus Henderson Investors Limited	10,034,355	9.5
Chelverton UK Dividend Trust Plc	9,000,000	8.5
Axa Investment Managers UK Limited	6,375,000	6.0
Premier Fund Managers Limited	6,130,434	5.8
Hargreaves Lansdown Stockbrokers	5,553,558	5.2
Winterflood Securities Limited	4,359,445	4.1
Armstrong Investments Limited	3,900,000	3.7
Jarvis Investment Management Limited	3,552,712	3.4

At the Annual General Meeting to be held on 30 November 2022 (see the Notice of Annual General Meeting on pages 71 and 72), 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. Under that law the Directors have prepared the Group and Company financial statements in accordance with UK adopted international accounting standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the 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 UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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
At the balance sheet date, the Group is funded principally by an invoice finance facility of up to 90% of the value of outstanding invoices, subject to a facility maximum of £3.5m, of which £2.2m had been drawn and by £2.7m of leases for major items of capital equipment. The invoice finance facility is a rolling contract with 3 months notice and has been in place for 8 years with no change in terms and conditions. It is reviewed annually every March and the Director's going concern assessment assumes that these facilities will continue to be in place throughout the forecast period. The available headroom under the invoice finance facility at 31 May 2022 was £0.8m. In April 2022, agreement was reached with HSBC for the refinancing of the legacy finance leases associated with the machining facility plant and equipment. The original arrangement comprised three separate agreements with end dates of September 2022, November 2022 and February 2024. Under the terms of the refinancing, the three separate agreements have been combined into a single agreement of 42 months duration ending in September 2025. The Group also occupies property under right of use leases, with the future payments giving rise to liabilities of £1.3m.

The Director's assessment of going concern is based on the Group's detailed forecast for the three years ending 31 May 2023, 31 May 2024 and 31 May 2025, which reflect the Director's view of the most likely trading conditions. Since the balance sheet date, HSBC have confirmed their agreement to an increase in the Group's invoice finance facilities and the forecasts indicate that these bank facilities are expected to remain adequate.

The forecast includes revenue growth and margin improvement assumptions across all of the Group's businesses. At Chamberlin and Hill Castings, these assumptions include an improvement in automotive volumes as this sector recovers from the backlog of passenger vehicle orders arising from the shortage of vital electronic and other components in the last 18 months, modest growth from fitness equipment and cookware products and diversification into new markets. At Russell Ductile Castings, the forecasts assume that revenue and margin growth will be achieved from the investment being made in the expansion of its capacity and the ability to manufacture and sell a wider range of products using new materials. At Petrel, revenue and margin growth assumptions are based on the introduction of new products, including the use of new technology, and services, including warranty, inspection and maintenance.

The Directors have applied reasonably foreseeable downside sensitivities to the forecast, including sales growth and margin improvement at Chamberlin and Hill Castings is 40% and 20% lower than expectations respectively, sales growth and margin improvement at Russell Ductile Castings are both 20% lower than expectations and sales growth and margin at Petrel are 20% and 10% lower than expectations respectively. Furthermore, the Group is reliant on an invoice finance facility to fund its working capital needs. The renewal of the facility at the next annual review in March 2023 cannot be guaranteed, although there are no indications at the date of the approval of the financial statements that a renewal with the existing provider would not be granted or that alternative providers could not be found. In addition, the Directors have assumed that deferred settlement terms will be agreed with HMRC in relation to PAYE arrears of £1.5m for one subsidiary in the Group that have arisen in the period since the announcement by BorgWarner, having already agreed deferred settlement terms with HMRC for two subsidiaries.

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

However, the rate at which revenue growth and margin improvement can be achieved during a potentially future recessionary period and uncertain global trading conditions is difficult to predict. Furthermore, the ability to renew or source alternative invoice finance facilities or to agree deferred settlement terms with HMRC results 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 matters.

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.

Auditor
A resolution will be proposed to reappoint Crowe U.K. LLP as auditor and to authorise the Directors to determine their remuneration at the forthcoming Annual General Meeting.

By order of the Board

ALAN TOMLINSON
COMPANY SECRETARY

4 November 2022

FINANCIAL STATEMENTS

INTRODUCTION

Welcome to the financial statements section of our Annual Report.

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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.

There are 26 Notes to the Group financial statements and while all of this information is necessary to ensure we comply with UK adopted 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 sections 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 Period’, ‘Operating Assets and Liabilities’, ‘Capital Structure’ 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.

ALAN TOMLINSON
FINANCE DIRECTOR

4 November 2022

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MAY 2022

		Year ended 31 May 2022			14 months ended 31 May 2021		
	Notes	Underlying £000	Non-underlying* £000	Total £000	Underlying £000	Non-underlying* £000	Total £000
Revenue	3	**16,836**	**–**	**16,836**	26,444	–	26,444
Cost of sales		**(15,038)**	**–**	**(15,038)**	(24,262)	–	(24,262)
Gross profit		**1,798**	**–**	**1,798**	2,182	–	2,182
Other operating expenses	4,10	**(2,501)**	**505**	**(1,996)**	(5,083)	(7,193)	(12,276)
Operating (loss)/profit	7	**(703)**	**505**	**(198)**	(2,901)	(7,193)	(10,094)
Bank interest receivable		**26**	**-**	**26**	13	-	13
Finance costs	6	**(337)**	**–**	**(337)**	(310)	–	(310)
(Loss)/profit before tax		**(1,014)**	**505**	**(509)**	(3,198)	(7,193)	(10,391)
Tax credit	8	**581**	**–**	**581**	817	–	817
Profit/(loss) for the period attributable to equity holders of the parent company		**(433)**	**505**	**72**	(2,381)	(7,193)	(9,574)
Underlying loss per share:							
Basic	9	**(0.5)p**			(13.7)p		
Diluted	9	**(0.5)p**			(13.7)p		
Total earnings/(loss) per share:							
Basic	9			**0.1p**			(55.1)p
Diluted	9			**0.1p**			(55.1)p

* Non-underlying items as disclosed in note 10 include restructuring costs, impairment of assets, dilapidation costs and share-based payment costs, together with the associated tax impact.

COMMENTARY ON THE CONSOLIDATED INCOME STATEMENT

Overview

Revenue for the year ended 31 May 2022 of £16.8m (14 months ended 31 May 2021: £26.4m) represents a 26% reduction on a pro rata basis compared to the prior period, largely due to the effect of the cancellation of all contracts by BorgWarner in 2021.

Gross profit margin increased to 10.7% from 8.3% in 2021 reflecting the recovery in performance of the Foundry division, which reduced its operating loss to £0.5m from a £1.9m loss in the previous period, and a substantial increase in operating margin at Petrel in the Engineering division.

Underlying operating loss before tax reduced to £0.7m (14 months ended 31 May 2021: £2.9m) due to the improved operating results noted above together with a pro rata 22% reduction in Head Office costs.

Financing costs were maintained at £0.3m (14 months ended 31 May 2021: £0.3m) with a reduction in the interest charge associated with the pension scheme offset by increased interest on higher average net debt.

As a result of the above, the underlying loss before tax amounted to £1.0m (14 months ended 31 May 2021: £3.2m loss).

The statutory loss before tax reduced dramatically to £0.5m (14 months ended 31 May 2021: £10.4m) largely reflecting £7.2m of non-underlying items in 2021 that were not repeated in the current year.

Tax

The tax credit in the year of £0.6m (14 months ended 31 May 2021: £0.8m) includes the recognition of a deferred tax asset on trading losses in RDC reflecting the confidence the Group has in the future profitability of this business.

Diluted earnings per share

Diluted earnings per share of 0.1p (14 months ended 31 May 2021: 55.1p loss per share) reflects the return to profitability of the Group for the first time in over five years and a significant turnaround compared to the prior period.

Foreign exchange

It is the Group's policy to minimise risk arising from 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 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.

During the year ended 31 May 2022, the average exchange rate used to translate into GBP Sterling was €1.18 (14 months ended 31 May 2021: €1.13).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2022

	Notes	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
Profit/(loss) for the period		**72**	(9,574)
Other comprehensive income/(expense)			
Gain on revaluation of property, plant and equipment		**1,003**	–
Movements in fair value of cash flow hedges taken to other comprehensive income		**(158)**	650
Deferred tax on movement in cash flow hedges (including change in tax rate)	8	**40**	(133)
Net other comprehensive income that may be recycled to profit and loss		**885**	517
Remeasurement gain on pension scheme assets and liabilities	20	**332**	463
Deferred tax on remeasurement gain on pension scheme (including change in tax rate)	8	**(63)**	7
Net other comprehensive income that will not be recycled to profit and loss		**269**	470
Other comprehensive income for the period net of tax		**1,154**	987
Total comprehensive income/(expense) for the period attributable to equity holders of the parent company		**1,226**	(8,587)

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.

During the year, the Group has revalued its remaining property asset to market value based on a valuation undertaken by a qualified external surveyor. This has given rise to a revaluation gain of £1.0m which is included in the revaluation reserve. 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 profit of £0.9m in the year ended 31 May 2022 (14 months ended 31 May 2021: £0.5m).

Remeasurement gains and losses relating to the Group's defined benefit pension obligations are also recorded in other comprehensive income. These are explained in detail in Note 20 in Section 5.

CONSOLIDATED BALANCE SHEET

AT 31 MAY 2022

	Notes	31 May 2022 £000	31 May 2021 £000
Non-current assets			
Property, plant and equipment	11	**3,506**	2,431
Intangible assets	12	**283**	263
Deferred tax asset	16	**1,434**	1,206
Defined benefit pension scheme surplus	20	**64**	-
		5,287	3,900
Current assets			
Inventories	13	**3,143**	1,698
Trade and other receivables	14	**4,303**	3,932
Cash at bank		**-**	1,038
		7,446	6,668
Total assets		**12,733**	10,568
Current liabilities			
Financial liabilities	15	**2,877**	1,715
Trade and other payables	15	**6,475**	8,031
		9,352	9,746
Non-current liabilities			
Financial liabilities	16	**2,097**	1,158
Deferred tax	16	**70**	150
Provisions	16	**806**	890
Defined benefit pension scheme deficit	20	**-**	1,190
		2,973	3,388
Total liabilities		**12,325**	13,134
Capital and reserves			
Share capital	17	**2,087**	2,051
Share premium		**6,308**	4,720
Capital redemption reserve		**109**	109
Hedging reserve		**100**	218
Revaluation reserve		**1,003**	-
Retained earnings		**(9,199)**	(9,664)
Total equity		**408**	(2,566)
Total equity and liabilities		**12,733**	10,568

KEVIN PRICE
DIRECTOR

ALAN TOMLINSON
DIRECTOR

The accounts were approved by the Board of Directors on 4 November 2022

COMMENTARY ON THE CONSOLIDATED BALANCE SHEET

Property, plant and equipment (PPE)

The net book value of the Group's investment in PPE at 31 May 2022 was £3.5m (31 May 2021: £2.4m), with the increase largely reflecting the revaluation gain of £1.0m on the Group's remaining property asset. Capital expenditure on PPE of £0.5m (31 May 2021: £0.2m) represented 160% (31 May 2021: 17%) of depreciation of £0.3m (31 May 2021: £1.1m).

Working capital

Working capital, comprising inventories, trade and other receivables, and trade and other payables represented 6% of sales (31 May 2021: 9%) as at 31 May 2022.

Inventories have increased to £3.1m at 31 May 2022 (2021: £1.7m) reflecting increased levels of activity at Russell Ductile Castings and Petrel together with the release of provisions relating to BorgWarner stock that has been re-purposed for use on new customer orders.

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 defined benefit pension scheme moved from a liability position of £1.2m at 31 May 2021 to a £0.1m surplus at 31 May 2022, as reduced liabilities arising from an increase in bond yields and Company contributions of £0.9m more than offset a reduction in the market value of scheme assets.

The 31 March 2019 triennial valuation established that employer contributions are £0.30m for 2021, £0.33m for 2022 and £0.36m for 2023. The next triennial valuation as at 31 March 2022 is currently in progress.

Administration costs of the defined benefit pension scheme were £0.2m in the year ended 31 May 2022 (14 months ended 31 May 2021: £0.2m), and are shown in other operating expenses. The Group cash contribution during the year ended 31 May 2022 was £0.9m (14 months ended 31 May 2021: £0.4m), which included an additional £0.6m payment following completion of the sale and leaseback of a property over which the pension scheme had a charge.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2022

	Note	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
Operating activities			
Loss for the period before tax		**(509)**	(10,391)
Adjustments to reconcile loss for the period to net cash outflow from operating activities:			
Interest receivable		**(26)**	(13)
Finance costs	6	**337**	310
Impairment charge on property, plant and equipment, inventory and receivables	10	**(498)**	4,632
Dilapidations provision	10	**(84)**	690
Depreciation of property, plant and equipment	11	**324**	1,135
Amortisation of intangible assets	12	**24**	86
Profit/(loss) on disposal of property, plant and equipment		**(66)**	135
Foreign exchange rate movements		**(1)**	37
Share-based payments	10	**67**	41
Defined benefit pension contributions paid		**(935)**	(355)
(Increase)/decrease in inventories		**(945)**	175
(Increase)/decrease in receivables		**(168)**	2,036
(Decrease)/increase in payables		**(1,557)**	1,009
Corporation tax received		**-**	129
Net cash outflow from operating activities		**(4,037)**	(344)
Investing activities			
Purchase of property, plant and equipment	11	**(520)**	(183)
Purchase of software	12	**(20)**	(3)
Development costs	12	**(24)**	(5)
Disposal of plant and equipment		**1,189**	–
Net cash inflow/(outflow) from investing activities		**625**	(191)
Financing activities			
Interest received		**26**	13
Interest paid		**(324)**	(261)
Net invoice finance inflow/(outflow)	25	**1,585**	(1,202)
New share capital issued	17	**1,624**	3,312
Proceeds from convertible loan	17	**-**	200
Principal element of lease payments	25	**(537)**	(946)
Net cash inflow from financing activities		**2,374**	1,116
Net (decrease)/increase in cash and cash equivalents		**(1,038)**	581
Cash and cash equivalents at the start of the period		**1,038**	457
Impact of foreign exchange rate movements	25	**–**	–
Cash and cash equivalents at the end of the period	25	**-**	1,038
Cash and cash equivalents comprise:			
Cash at bank	25	**-**	1,038
		-	1,038

COMMENTARY ON THE CONSOLIDATED CASH FLOW STATEMENT

Operating Cash Flow

Operating cash outflow of £4.0m (14 months ended 31 May 2021: £0.3m) includes £1.3m of cash payments relating to restructuring the business in 2021, £0.9m paid to the Group's defined benefit pension scheme and increased working capital.

Cash spent on property, plant and equipment and capitalised software and development costs in the year ended 31 May 2022 was £0.5m (14 months ended 31 May 2021: £0.2m).

New equity of £1.6m was raised in February 2022 following a fundraise and was net of transaction costs of £0.2m.

Lease payments of £0.5m (14 months ended 31 May 2021: £0.9m) primarily relate to assets at the Group's machining facility and were lower than the prior period due to a payment holiday agreed with HSBC. These asset leases were subsequently refinanced with HSBC in April 2022 over a 42 month term ending in September 2025.

Closing Net Debt

Net debt at 31 May 2022 increased by £3.2m to £5.0m (31 May 2021: £1.8m) reflecting the operating cash outflow described above and an increase in lease liabilities of £1.0m relating to the sale and leaseback of the property owned by RDC partially offset by the £1.6m equity raise in February 2022. AT the balance sheet date, the Group debt facility has two elements: a £3.5m invoice finance facility limited to 90% of outstanding invoice value, of which £2.3m was drawn at the year end, and lease liabilities of £2.7m. Since the balance sheet date, HSBC have confirmed their agreement to an increase in the Group's invoice finance facilities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Revaluation reserve £000	Retained earnings £000	Attributable to equity holders of the parent £000
Balance at 1 April 2020	1,990	1,269	109	(299)	–	(524)	**2,545**
Loss for the period	–	–	–	–	–	(9,574)	**(9,574)**
Other comprehensive income for the period net of tax	–	–	–	517	–	470	**987**
Total comprehensive income/(expense)	–	–	–	517	–	(9,104)	**(8,587)**
New share capital issued	61	3,451	–	–	–	–	**3,512**
Share-based payment	–	–	–	–	–	41	**41**
Deferred tax on share-based payment	–	–	–	–	–	(77)	**(77)**
Total of transactions with shareholders	61	3,451	–	–	–	(36)	**3,476**
Balance at 1 June 2021	**2,051**	**4,720**	**109**	**218**	**–**	**(9,664)**	**(2,566)**
Profit for the year	–	–	–	–	–	72	**72**
Other comprehensive (expense)/income for the year net of tax	–	–	–	(118)	1,003	269	**1,154**
Total comprehensive (expense)/income	–	–	–	(118)	1,003	341	**1,226**
New share capital issued	36	1,588	–	–	–	–	**1,624**
Share-based payment	–	–	–	–	–	67	**67**
Deferred tax on share-based payment	–	–	–	–	–	57	**57**
Total of transactions with shareholders	**36**	**1,588**	**–**	**–**	**–**	**124**	**1,748**
Balance at 31 May 2022	**2,087**	**6,308**	**109**	**100**	**1,003**	**(9,199)**	**408**

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. Transaction costs directly associated with the share placing and subscription in February 2022 of £0.2m have been debited to share premium in the period.

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.

Revaluation reserve

The revaluation reserve includes the difference between the market valuation of property, plant and equipment and its carrying value at the date of its valuation.

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

SECTION 1

BASIS OF PREPARATION

1 Authorisation of financial statements and statement of compliance with UK adopted International Accounting Standards

The Group and Company financial statements of Chamberlin Plc (the 'Company') for the year ended 31 May 2022 were authorised for issue by the Board of Directors on 4 November 2022, and the balance sheets were signed on the Board's behalf by Kevin Price and Alan Tomlinson. 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.

The Group's financial statements have been prepared in accordance with UK adopted 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 FOR 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 31 May 2022 £000	14 months ended 31 May 2021 £000	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
Foundries	**13,604**	23,321	**(463)**	(1,931)
Engineering	**3,232**	3,123	**535**	191
Segment results	**16,836**	26,444	**72**	(1,740)
Reconciliation of reported segmental operating profit/(loss)				
Segment operating profit/(loss)			**72**	(1,740)
Shared costs			**(775)**	(1,161)
Non-underlying items (Note 10)			**505**	(7,193)
Net finance costs (net of interest receivable of £26,000)			**(311)**	(297)
Loss before tax			**(509)**	(10,391)
Segmental assets				
Foundries			**9,811**	7,211
Engineering			**1,425**	1,113
			11,236	8,324
Segmental liabilities				
Foundries			**(5,771)**	(7,674)
Engineering			**(1,511)**	(1,247)
			(7,282)	(8,921)
Segmental net assets/(liabilities)			**3,954**	(597)
Unallocated net liabilities			**(3,546)**	(1,969)
Total net assets/(liabilities)			**408**	(2,566)

Unallocated net liabilities include the pension asset of £64,000 (2021: £1,190,000 liability), net debt of £4,974,000 (2021: £1,835,000) and a net deferred tax asset of £1,364,000 (2021: £1,056,000).

Capital expenditure, depreciation, amortisation and impairment

	Foundries		**Engineering**		**Total**	
Capital additions	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
Property, plant and equipment (Note 11)	**1,327**	177	**–**	20	**1,327**	197
Software (Note 12)	**20**	3	**–**	–	**20**	3
Development costs (Note 12)	**–**	–	**24**	5	**24**	5

Depreciation, amortisation and impairment	Foundries **Year ended 31 May 2022 £000**	 14 months ended 31 May 2021 £000	Engineering **Year ended 31 May 2022 £000**	 14 months ended 31 May 2021 £000	Total **Year ended 31 May 2022 £000**	 14 months ended 31 May 2021 £000
Property, plant and equipment (Note 11)	**(317)**	(1,113)	**(7)**	(22)	**(324)**	(1,135)
Software (Note 12)	**4**	(47)	**(1)**	(6)	**3**	(53)
Development costs (Note 12)	**–**	–	**(27)**	(33)	**(27)**	(33)

In addition to the above, property, plant and equipment in the Foundries division in 2021 was impaired by £3,809,000 as disclosed in Note 11.

(ii) Geographical information

Revenue by location of customer	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
United Kingdom	**13,334**	13,944
Italy	**1,171**	1,351
Germany	**1,382**	2,595
Rest of Europe	**211**	7,425
Other countries	**738**	1,129
	16,836	26,444

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

The Group has one individual customer in Italy which represents 6% of Group revenue (2021: 5%).

4 Other operating expenses

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Distribution costs	**456**	573
Administration and selling expenses	**2,045**	4,510
Operating expenses before non-underlying items	**2,501**	5,083
Non-underlying items (Note 10)	**(505)**	7,193
Operating expenses	**1,996**	12,276

5 Staff numbers and costs

The average number of people employed by the Group during the period was:	**Year ended 31 May 2022 Number**	14 months ended 31 May 2021 Number
Management and administration	**33**	36
Production	**152**	206
Total employees	**185**	242

Aggregate employment costs, including redundancy, are disclosed below net of £58,000 (2021: £1.430,000) of coronavirus job retention scheme receipts:

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Wages and salaries	**5,137**	9,156
Social security costs	**535**	1,035
Other pension costs (Note 20)	**200**	377
Share-based payment expense (Note 18)	**67**	41
	5,939	10,609

The average number of people employed by the Company during the period was:	**Year ended 31 May 2022 Number**	14 months ended 31 May 2021 Number
Management and administration	**8**	10

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

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Wages and salaries	**476**	931
Social security costs	**45**	111
Other pension costs	**15**	64
Share-based payment expense (Note 18)	**67**	41
	603	1,147

Directors' remuneration summary	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
Directors' remuneration	**384**	787
Company contributions to money purchase pension scheme	**11**	69
Share-based payment charge of options granted to Directors (see Note 18)	**35**	41

Number of Directors accruing benefits under:	**Year ended 31 May 2022 Number**	14 months ended 31 May 2021 Number
Defined contribution pension schemes	**2**	2

Directors' remuneration is analysed in detail in the Directors' Remuneration Report on pages 18 to 19.

The total amount payable to the highest paid Director in respect of remuneration was £131,000 (2021: £360,000).

Company pension contributions of £6,000 (2021: £34,000) were made to a money purchase pension scheme on his behalf.

6 Finance costs

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Finance costs		
Bank overdraft and invoice finance interest payable	**(94)**	(103)
Interest expense on lease liabilities and other interest payable	**(230)**	(158)
Finance cost of pensions (see Note 20)	**(13)**	(49)
	(337)	(310)

7 Operating loss

This is stated after charging/(crediting):	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
(Profit)/loss on disposal of fixed assets	**(66)**	135
Depreciation of owned assets	**230**	–
Amortisation of owned software	**12**	23
Depreciation of right-of-use assets		
Land and Buildings	**6**	100
Plant and Machinery	**82**	677
Motor Vehicles	**6**	16
Software	**(15)**	30
Impairment of fixed assets (Note 11)	**-**	3,809
Amortisation of development costs	**27**	33
Cost of inventories recognised as an expense	**7,147**	10,937
Exchange (gain)/loss	**(1)**	37
Auditor's remuneration:		
Group audit fees	**55**	65
Audit fees for statutory accounts of subsidiaries	**75**	83
Audit-related assurance services	**–**	–
Non-audit related services	**–**	–
Rentals under operating leases*:		
Hire of plant and equipment	**60**	134
Land and buildings	**111**	139

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

8 Taxation

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Current tax:		
UK Corporation tax at 19% (2021: 19%)	**–**	–
Adjustments in respect of prior years	**(306)**	(129)
	(306)	(129)
Deferred tax:		
Origination and reversal of temporary differences	**22**	(391)
Adjustments in respect of prior years	**(297)**	(6)
Change in tax rate	**-**	(291)
	(275)	(688)
Tax credit reported in the Consolidated Income Statement	**(581)**	(817)

The corporation tax rate will increase to 25% from 1st April 2023, with the tax value of deferred tax assets and liabilities at the year end adjusted accordingly.

This increase in rate is not expected to have a material impact on the tax charge in future years.

Brought forward tax losses of the Group of £500,000 were utilised in the year (2021: £nil).

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

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Current tax:	**–**	–
Deferred tax:		
Retirement benefit obligation	**63**	88
Fair value movements on cash flow hedges	**(40)**	110
Change in tax rate	**-**	(72)
Tax charge reported in the consolidated statement of comprehensive income	**23**	126

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Current tax:	**–**	–

Deferred tax:	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Share-based payment	**(57)**	77
Tax (credit)/charge reported in the consolidated statement of changes in equity	**(57)**	77

Reconciliation of total tax charge	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Loss on ordinary activities before tax	**(509)**	(10,391)
Corporation tax charge at standard rate of 19% (2021: 19%) on loss before tax	**(97)**	(1,974)
Adjusted by the effects of:		
Expenses not deductible	**(34)**	98
Unprovided deferred tax differences	**394**	1,449
Deferred tax on losses recognised	**(314)**	-
Adjustments in respect of prior years	**(603)**	(135)
Rate differential on timing differences	**73**	(255)
Total tax credit reported in the consolidated income statement	**(581)**	(817)

Unprovided deferred tax differences of £394,000 (2021: £1,449,000) include deferred tax not recognised of £448,000 on losses in the year.

9 Earnings/(loss) per share

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

In calculating the diluted earnings/(loss) per share, adjustment has been made for the dilutive effect of outstanding share options where applicable. Underlying earnings/(loss) per share, which excludes non-underlying items as disclosed in Note 10 and defined in Note 26, has also been disclosed.

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Earnings/(loss) for basic earnings per share	**72**	(9,574)
Non-underlying items (Note 10)	**(505)**	7,193
Taxation effect of the above	**–**	–
Loss for underlying earnings per share	**(433)**	(2,381)

Underlying loss per share (pence):		
Underlying	**(0.5)**	(13.7)
Diluted underlying	**(0.5)**	(13.7)
Total earnings/(loss) per share (pence):		
Basic	**0.1**	(55.1)
Diluted	**0.1**	(55.1)

	Number '000	Number '000
Weighted average number of ordinary shares	**79,488**	17,387
Adjustment to reflect shares under options	**3,581**	3,798
Weighted average number of ordinary shares - fully diluted	**83,069**	21,185

There is no adjustment in the diluted loss per share calculation for the 3,798,000 shares under option in 2021 as they are required to be excluded from the weighted average number of shares for diluted loss per share as they are anti-dilutive. The weighted average number of shares used in the fully diluted calculation is 83,069,000 (2021: 17,387,000).

10 Non-underlying items

	Year ended 31 May 2022 £000	14 months ended 31 May 2021 £000
Group reorganisation	**–**	1,310
Adviser costs relating to corporate restructuring	**–**	520
Impairment of property, plant & equipment	**–**	3,809
Impairment of inventory and receivables	**(498)**	823
Additional liability from customer claim relating to disposal of Exidor Limited	**10**	–
Dilapidations provision (release)/charge	**(84)**	690
Share-based payment charge	**67**	41
Non-underlying operating items	**(505)**	7,193
Taxation		
– Tax effect of non-underlying items	**–**	–
	(505)	7,193

During the year, an agreement was reached on the settlement of a customer claim relating to Exidor Limited, a subsidiary that was sold in December 2018. Additional costs of £10,000 over and above the original provision made at the time of the disposal were agreed to settle the claim.

In 2022, £84,000 was released from the dilapidations provision following negotiations with the landlord. The charge of £690,000 in 2021 relates to the estimated costs for land and building leases that are nearing their end date.

In 2021, following the cancellation of all contracts by the Group's major customer, BorgWarner, announced on 16 December 2020, the Group embarked upon a significant restructuring programme to realign the cost base of the Foundry division to the reduced level of continuing revenue. Group reorganisation costs of £1,310,000, which include redundancy and associated costs, relate to this restructuring programme.

Following the cancellation of the Group's contracts by BorgWarner, the Group undertook a review of the carrying value of the assets in the Foundry division in 2021. This gave rise to an asset impairment charge of £4,632,000, of which £3,809,000 related to property, plant & equipment, £716,000 related to obsolete inventory and £107,000 related to irrecoverable receivables. In 2022, £498,000 of the impairment charge relating to inventory was reversed, as a number of new contract wins indicates that the inventory will now be utilised.

The share-based payment charge in 2022 of £67,000 (2021: £41,000) relates to the fair value cost of share option schemes for the year.

SECTION 3

OPERATING ASSETS AND LIABILITIES

11 Property, plant and equipment

Group	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2020	6,303	23,442	154	29,899
Additions	51	146	-	197
Disposals	–	(132)	(11)	(143)
Reclassification	–	104	–	104
At 31 May 2021	6,354	23,560	143	30,057
Revaluation	(35)	–	–	(35)
Additions	855	472	–	1,327
Disposals	(3,434)	–	(20)	(3,454)
Reclassification	70	(70)	–	–
At 31 May 2022	**3,810**	**23,962**	**123**	**27,895**
Depreciation/impairment				
At 1 April 2020	4,078	18,490	122	22,690
Charge for period	227	892	16	1,135
Impairment charge	536	3,273	–	3,809
Disposals	–	–	(8)	(8)
At 31 May 2021	4,841	22,655	130	27,626
Charge for year	117	201	6	324
Disposals	(2,506)	–	(17)	(2,523)
Revaluation	(1,038)	–	–	(1,038)
Reclassification	(166)	166	–	–
At 31 May 2022	**1,248**	**23,022**	**119**	**24,389**
Net book value				
At 31 May 2022	**2,562**	**940**	**4**	**3,506**
At 31 May 2021	1,513	905	13	2,431
At 1 April 2020	2,225	4,952	32	7,209

The net book value of land and buildings of £2,562,000 includes property held at valuation amounting to £1,600,000. The valuation was undertaken by Stephens McBride, Chartered Surveyors, in June 2022 and was prepared in accordance with the Royal Institute of Chartered Surveyors Valuation – Global Standards (January 2020) ('The Red Book') and based on the market value of the freehold interest with vacant possession.

Net book value of land and buildings comprises:

	2022 £000	2021 £000
Freehold	**1,831**	1,513
Short leasehold	**731**	**–**
	2,562	1,513

The net book value of land and buildings held at valuation on a historical cost basis for the Group and the Company is shown below:

	2022 £000	2021 £000
Cost	**1,635**	1,670
Accumulated depreciation	**(984)**	(1,011)
	651	659

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 31st May 2021	–	204	13	217
At 31st May 2022	**731**	**187**	**4**	**922**

Additions of £737,000 included within land and buildings additions of £855,000 and £70,000 included in plant and machinery additions of £472,000 relate to right-of-use assets. The depreciation charge for the period for right-of-use assets is disclosed in Note 7.

The maturity analysis of lease liabilities associated with right-of-use assets is disclosed in Note 23. 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 2020	1,670	115	130	1,915
Additions	–	15	–	15
Disposals	–	–	(10)	(10)
At 31 May 2021	1,670	130	120	1,920
Revaluation	(35)	–	–	(35)
Disposals	–	–	(20)	(20)
Transfer to subsidiary undertaking	(35)	–	–	(35)
At 31 May 2022	**1,600**	**130**	**100**	**1,830**
Depreciation				
At 1 April 2020	979	87	98	1,164
Charge for period	32	14	16	62
Disposals	–	–	(8)	(8)
At 31 May 2021	1,011	101	106	1,218
Charge for year	27	11	6	44
Disposals	–	–	(16)	(16)
Revaluation	(1,038)	–	–	(1,038)
At 31 May 2022	**–**	**112**	**96**	**208**
Net book value				
At 31 May 2022	**1,600**	**18**	**4**	**1,622**
At 31 May 2021	659	29	14	702
At 1 April 2020	691	28	32	751

The net book value of motor vehicles in the Company of £4,000 (2021: £14,000) relates entirely to right-of-use assets under lease.

	Group £000	Company £000
Freehold land included above not subject to depreciation amounted to:		
2022	**275**	**275**
2021	275	275

Impairment testing

Following the impairment at one of its cash-generating units (CGUs) within the foundry segment in 2021, management have undertaken a review of the carrying value of the property, plant and equipment and intangible assets relating to that CGU in 2022. 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 3 year financial plan approved by the Board. Following the loss in 2021 of revenue from BorgWarner, the sole customer of the CGU subject to the impairment review, its future profitability is entirely dependent upon winning new contracts. The projected cashflows reflect the latest expectations of demand for products in years 1 to 3 and are extrapolated into the future using a 2.5% growth rate that management believe could be achieved as efforts continue to replace lost BorgWarner revenue. In 2022, a number of small programs were secured with new customers, with projected cashflows indicating that the CGU could return to a very low level of profitability in years 2 and 3 of the financial projections. The key sensitivities around these projections are the level of sales volumes from the new contract wins and the full fruition of cost-saving initiatives. In light of the adverse impact that Covid-19 continues to have on the global recovery, together with the impact the war in Ukraine is currently having on market conditions, particularly regarding energy costs, 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 conservative assumptions in relation to the speed at which significant levels of profitability could be achieved. Based on the assumptions noted above, including sensitivities regarding sales growth assumptions in the light of uncertainty in global markets, the Board concluded that the recoverable amount of the CGU is not materially different to the book value of the CGU's assets and therefore there is no impairment required in the current year and the impairment charge of £3,809,000 made in 2021 remains appropriate and does not need to be reversed in the current year.

12 Intangible assets

	Group		Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Software	**222**	199	**3**	11
Development costs	**61**	64	**–**	–
	283	263	**3**	11

Software	**Group £000**	**Company £000**
Cost		
At 1 April 2020	1,073	52
Additions	3	-
At 31 May 2021	1,076	52
Additions	20	–
At 31 May 2022	**1,096**	**52**
Amortisation/ impairment		
At 1 April 2020	824	30
Charge for period	53	11
At 31 May 2021	877	41
Charge for year	(3)	8
At 31 May 2022	**874**	**49**
Net book value		
At 31 May 2022	**222**	**3**
At 31 May 2021	199	11
At 1 April 2020	249	22

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 £50,000 (2021: £35,000) relating to assets held under leases. The depreciation charge for the period in respect of right-of-use assets is disclosed in Note 7. There were no additions in the year relating to right-of-use assets.

In the Company, software includes right-of-use assets with a net book value of £3,000 (2021: £9,000) relating to assets held under leases. The depreciation charge for the period in respect of right-of-use assets was £7,000 (2021: £7,000). There were no additions in the year relating to right-of-use assets.

Development costs capitalised	**Group £000**	**Company £000**
Cost		
At 1 April 2020	390	–
Additions	5	–
At 31 May 2021	395	–
Additions	24	–
At 31 May 2022	**419**	**–**
Amortisation/ impairment		
At 1 April 2020	298	–
Charge for period	33	–
At 31 May 2021	331	–
Charge for year	27	–
At 31 May 2022	**358**	**–**
Net book value		
At 31 May 2022	**61**	**–**
At 31 May 2021	64	–
At 1 April 2020	92	–

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.

13 Inventories

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Raw materials	**1,743**	749	**–**	–
Work in progress	**735**	618	**–**	–
Finished goods	**665**	331	**–**	–
	3,143	1,698	**–**	–

Stock recognised in cost of sales during the period as an expense was £7,147,000 (2021: £10,937,000).

The impairment charge for stock during the year was £Nil (2021: £910,000), of which £716,000 of the provision in 2021 arose from an obsolescence review following the cancellation of contracts by a major customer, BorgWarner. In 2022, £498,000 of the impairment charge relating to inventory was reversed, as a number of new contract wins indicates that the inventory will now be utilised.

14 Trade and other receivables

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Trade receivables	**3,633**	3,009	**5**	4
Amounts due from subsidiary undertakings	**–**	–	**17**	505
Other receivables	**18**	553	**9**	64
Corporation tax	**306**	129	**–**	–
Fair value of derivative forward contracts	**–**	156	-	**–**
Prepayments	**346**	85	**53**	10
	4,303	3,932	**84**	583

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 31st May 2022 of £3,633,000 (2021: £3,009,000) against which an invoice finance liability of £2,243,000 (2021: £665,000) was secured. The total available invoice finance facility as at 31st May 2022 was £3,500,000 (2021: £3,500,000).

Trade receivables are denominated in the following currencies:

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Sterling	**3,056**	**2,293**	**4**	4
Euro	**577**	**716**	**–**	–
	3,633	**3,009**	**4**	4

Out of the carrying amount of trade receivables of £3,633,000 (2021: £3,009,000), £1,314,000 (2021: £1,530,000) is due from 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 31st May 2022, trade receivables with a nominal value of £34,000 (2021: £255,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
At 1 June	**255**	**219**	**–**	–
Charge for period	**3**	**48**	**–**	–
Amounts written off	**(224)**	**–**	**–**	–
Amounts recovered	**–**	**(12)**	**–**	–
At 31 May	**34**	**255**	**–**	–

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

31 May 2022	Total £000	Neither past due nor impaired £000	Past due <30 days £000	30-60 days £000	60-90 days £000	90-120 days £000	>120 days £000
Gross trade receivables	**3,667**	**2,929**	**663**	**32**	**–**	**43**	**–**
Expected credit losses	(34)	–	–	–	–	(34)	–
Net trade receivables	**3,633**	**2,929**	**663**	**32**	**–**	**9**	**–**

31 May 2021	Total £000	Neither past due nor impaired £000	Past due <30 days £000	30-60 days £000	60-90 days £000	90-120 days £000	>120 days £000
Gross trade receivables	**3,264**	**2,984**	**4**	**226**	**43**	**7**	**-**
Expected credit losses	(255)	–	–	(205)	(43)	(7)	-
Net trade receivables	**3,009**	**2,984**	**4**	**21**	**-**	**-**	**-**

The Group ensures that the provision of credit to customers is adequately managed by each individual business in order that the risk of non-payment or delayed payment is minimised. The Group's exposure to risk is influenced mainly by the individual characteristics of each customer, the industry and country in which customers operate. The Group has a diversified base of customers and has written credit control policies which cover procedures for accepting new customers, setting credit limits, dealing with overdue amounts and delinquent payers. An impairment loss provision against trade receivables is created where it is anticipated that the value of trade receivables is not fully recoverable.

In the Company, amounts due from subsidiary companies are interest free and repayable on demand. An impairment charge of £Nil (2021: £3,281,000) was recognised in the period in relation to these receivables.

	Group		Company	
Income taxes receivable	**2022 £000**	2021 £000	**2022 £000**	2021 £000
UK corporation tax	**306**	129	**35**	–

15 Current liabilities

	Group		Company	
Financial liabilities	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Bank overdraft	**–**	–	**–**	45
Invoice finance facility	**2,243**	665	**–**	–
Lease liabilities	**634**	1,050	**15**	33
	2,877	1,715	**15**	78

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 at the end of each banking day.

Lease liabilities are secured against the specific item to which they relate. These leases are repayable by monthly instalments for a maximum period of 10 years to May 2032. Interest is payable at fixed amounts that range between 3.1% and 9.4%.

Invoice finance balances are secured by a fixed and floating charge over the assets of the Group and are repayable on demand. Interest is payable at 2.75% over base rate. The maximum facility as at 31st May 2022 was £3,500,000 (2021: £3,500,000). Management has assessed the treatment of the financing arrangements and has determined it is appropriate to recognise trade receivables and invoice finance liabilities separately.

Trade and other payables	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade payables	**3,308**	2,402	**115**	171
Amounts owed to subsidiary undertakings	**–**	–	**477**	455
Other taxation and social security	**1,907**	1,991	**–**	81
Other payables	**555**	922	**395**	356
Accruals	**703**	2,716	**182**	382
Fair value of derivative forward contracts	**2**	–	**–**	–
	6,475	8,031	**1,169**	1,445

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

16 Non-current liabilities

Financial liabilities	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Lease liabilities	**2,097**	1,158	**11**	27

Lease liabilities are secured against the specific item to which they relate. These leases are repayable by monthly instalments for a period of up to 10 (2021: four) years to May 2032. £533,000 is repayable in one to two years (2021: £655,000), £926,000 within two to five years (2021: £503,000) and £638,000 in more than five years (2021: £Nil).

Interest is payable at a fixed amount that ranges between 3.1% and 9.4%.

Provisions for liabilities	Dilapidations £000
As at 1 June 2021	890
Released in the year	(84)
As at 31 May 2022	**806**

DILAPIDATIONS

The dilapidation provision relates to expected future lease dilapidations and £616,000 is expected to be utilised within 1-2 years and £190,000 within 4-5 years.

Deferred tax liabilities	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Deferred taxation	**70**	150	**37**	77

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Group liabilities				
Temporary differences relating to share options	**21**	77	**21**	77
Fair value hedges	**33**	73	**–**	–
Defined benefit pension scheme	**16**	–	**16**	–
	70	150	**37**	77

Deferred tax assets	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Temporary differences relating to capital allowances	**1,129**	753	**15**	10
Temporary differences relating to pension scheme deficit	**–**	297	**–**	298
Temporary differences relating to tax losses	**156**	–	**–**	–
Other temporary differences	**149**	156	**78**	147
	1,434	1,206	**93**	455

The tax value of Group trading losses carried forward for which a deferred tax asset has not been recognised total £3,919,000 (2021: £3,974,000).

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 credit of £309,000 (2021: £485,000), a credit of £275,000 (2021: £688,000) was recognised within the Consolidated Income Statement, a charge of £23,000 (2021: £126,000) was recognised within other comprehensive income and a credit of £57,000 (2021: charge of £77,000) recognised within the Consolidated Statement of Changes in Equity.

SECTION 4

CAPITAL STRUCTURE

17 Share capital

Allotted, called up and fully paid	**2022 £000**	2021 £000
105,624,792 (2021: 69,624,792) Ordinary shares of 0.1p	**105**	69
7,958,126 (2021: 7.958,126) Deferred shares of 24.9p	**1,982**	1,982
	2,087	2,051

On 21 February 2022, the Company issued 36,000,000 ordinary shares of 0.1p each at a subscription price of 5p each following a share placing and subscription that raised gross proceeds (before transaction costs of £0.2m) of £1.8 million.

During the year no shares (2021: none) were issued to Directors to satisfy share options at nil (2021: nil) cost.

18 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 19.

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 period were as follows:

		Weighted average	
	No. of options	**Exercise price (p)**	**Remaining contractual life (years)**
At 1 April 2020	216,616	97.5	8.3
Granted	3,581,314	6.0	10.0
At 1 June 2021	3,797,930	11.2	9.9
Lapsed	(216,616)	97.5	8.3
At 31 May 2022	**3,581,314**	**6.0**	**9.0**

Options over 3,581,314 ordinary shares of 0.1p were granted to Directors and senior management on 13 May 2021 under the Chamberlin Performance Share Plan. The fair value of options granted in 2021 was 5.6p per share calculated using a Black-Scholes model and the following assumptions:

Share price at date of grant	10.1p
Volatility	58%
Risk free rate	0.88%
Dividend yield	0%

No share options were exercised during the current or prior period and there were no share options that are exercisable at the end of either financial period.

19 Fixed asset investments

	£000
Shares in subsidiary undertakings	
Cost as at 1 April 2020, 1 June 2021 and 31 May 2022	6,155
*I*mpairment	
At 1 April 2020	4,339
Impairment charge	357
At 31 May 2021	4,696
Impairment charge reversal	(1,505)
At 31 May 2022	**3,191**
Net book value	
At 31 May 2022	**2,964**
At 31 May 2021	1,459
At 1 April 2020	1,816

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

Wholly owned dormant subsidiaries

Chamberlin Group Ltd

Chamberlin & Hill Ltd

Ductile Castings Ltd

Fred Duncombe Ltd

Fitter & Poulton Ltd

Webb Lloyd Ltd

The Company owns 100% of the issued ordinary share capital of the above companies, all of whom have their registered office as Chuckery Road, Walsall, WS1 2DU and operate principally in England and Wales.

20 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 2022 was £151,000 (2021: £236,000), with the reduction being due to costs associated with the triennial valuation in 2021 not repeated, together with £13,000 of financing cost (2021: £49,000).

The other scheme within the Group is a defined contribution scheme and the pension cost represents contributions payable.

The total cost of the defined contribution scheme was £200,000 (2021: £377,000). 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):

	At 31st May 2022	At 31st May 2021	At 31st March 2020
Rate of increase in salaries	**n/a**	n/a	n/a
Rate of increase of pensions in payment - post 1997 accrual only	**3.4%**	3.1%	2.6%
Discount rate	**3.4%**	1.85%	2.3%
Inflation assumption - RPI	**3.5%**	3.2%	2.6%
Inflation assumption - CPI	**2.8%**	2.5%	1.7%

Demographic assumptions are all based on the S3PA (2021: S3PA) 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 2032.

		2022 Years	2021 Years
Current pensioners at 65	– Male	**20.6**	20.5
	– Female	**23.0**	22.9
Future pensioners at 65	– Male	**21.4**	21.3
	– Female	**24.1**	24.0

The scheme was closed to future accrual with effect from 30th 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 contributions expected to be paid during the year to 31 May 2023 are £362,000. Apart from this amount there are no other minimum funding requirements.

The latest triennial valuation was completed as at 31 March 2019 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 two of the Group's land and buildings to the pension scheme. During the year, the charge over one of the Group's properties was released following the payment of an additional contribution to the pension scheme of £600,000, paid out of the proceeds of a sale and leaseback transaction. The next triennial review with effect from 31 March 2022, which will establish future deficit payments, is currently in progress.

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

	2022 £000	2021 £000
Equities/diversified growth fund	**1,937**	5,273
Liability Driven Investments	**2,370**	2,993
Buy and Maintain Credit	**1,853**	2,211
Multi-Sector Credit	**4,273**	4,962
Insured pensioner assets	**13**	21
Cash	**3,578**	141
Market value of assets	**14,024**	15,601
Actuarial value of liability	**(13,960)**	(16,791)
Scheme surplus/(deficit)	**64**	(1,190)
Related deferred tax (liability)/asset	**(16)**	297
Net pension surplus/(liability)	**48**	(893)

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	**2022 £000**	2021 £000
Net interest cost	**(13)**	(49)
Net interest expense	**(13)**	(49)

Remeasurement losses/ (gains) in other comprehensive income	**2022 £000**	2021 £000
Actuarial (gains)/losses arising from changes in financial assumptions	**(2,466)**	1,510
Actuarial losses/(gains) arising from changes in demographic assumptions	**60**	(429)
Experience adjustments	**98**	171
Loss/(return) on assets (excluding interest income)	**1,976**	(1,715)
Total remeasurement gain shown in other comprehensive income	**(332)**	(463)

	2022 £000	2021 £000
Actual (loss)/return on plan assets	**(1,686)**	2,092

Movement in deficit during the period	**2022 £000**	2021 £000
Deficit in scheme at beginning of period	**(1,190)**	(1,959)
Movement in period:		
Employer contributions	**935**	355
Net interest expense	**(13)**	(49)
Actuarial gain	**332**	463
Surplus/(deficit) in scheme at end of period	**64**	(1,190)

Movement in scheme assets	**2022 £000**	2021 £000
Fair value at beginning of period	**15,601**	14,538
Interest income on scheme assets	**290**	377
Return on assets (excluding interest income)	**(1,976)**	1,715
Employer contributions	**935**	355
Benefits paid	**(826)**	(1,384)
Fair value at end of period	**14,024**	15,601

Movement in scheme liabilities	**2022 £000**	2021 £000
Benefit obligation at start of period	**16,791**	16,497
Interest cost	**303**	426
Actuarial (gains)/losses arising from changes in financial assumptions	**(2,466)**	1,510
Actuarial gains arising from changes in demographic assumptions	**60**	(429)
Experience adjustments	**98**	171
Benefits paid	**(826)**	(1,384)
Benefit obligation at end of period	**13,960**	16,791

The weighted average duration of the pension scheme liabilities is 12 years (2021: 13 years).

A quantitative sensitivity analysis for significant assumptions as at 31 May 2022 is as shown below:

Present value of scheme liabilities when changing the following assumptions:	2022 £000	2021 £000
Discount rate increased by 1% p.a.	**12,543**	**14,859**
RPI and CPI increased by 1% p.a.	**14,584**	**17,705**
Mortality - members assumed to be their actual age as opposed to one year older	**14,627**	**17,653**

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

21 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 the subsidiaries at 31 May 2022 amounted to £7,879,000 (2021: £2,927,000).

22 Financial commitments

	Group		Company	
Capital expenditure	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Contracted for but not provided in the accounts	**–**	**–**	**–**	–

Lease commitments

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

	Group		Company	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Future minimum payments due:				
Not later than one year	**11**	**31**	**11**	31
After one year but not more than five years	**–**	**11**	**–**	11
After five years	**–**	**–**	**–**	–
	11	**42**	**11**	42

Lease commitments disclosed above relate to short-term property leases and low value leases excluded from IFRS 16 'Right-of-use assets'.

23 Derivatives and financial risk management

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.

Currency risk

The Group's functional currency is sterling. Prior to the loss of the contracts from BorgWarner in 2021, approximately 63% of revenues were 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 adjusted following regular reviews. Following the loss of the BorgWarner revenue, which was predominantly denominated in euros, euro denominated revenue now represents between 15% and 20% of Group revenue. Consequently, the hedging position has been adjusted during the period to reflect this lower level of euro denominated revenue. At 31 May 2022, the Group had forward currency hedging contracts in place representing approximately 50% of highly probable revenue forecasts over the next four months. At 31 May 2022 there were net monetary assets denominated in euros of £227,000 (2021: liabilities of £51,000). A proportion of the Group's financial liabilities are denominated in euros, reducing the currency risk of the Group. With approximately 50% of euro debtors hedged, the impact on net monetary assets of a 5% exchange rate change in the euro/sterling exchange rate would not be material to the profit and loss.

The terms of the forward currency hedging contracts have been aligned with 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 net sale of euros outstanding at the period 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 £20,000 (2021: £48,000).

	Contracted amount (€000)	Weighted average contract rate	Contracted amount £000	Contracted amount at year end rate £000	Unrealised gain/(loss) £000
At 31 May 2022					
– Net sell contracts	**500**	**1.178**	**424**	**426**	**(2)**
At 31 May 2021	995	0.982	1,014	856	158

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.

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 £11,000 reduction in profit before tax (2021: £3,000). An equivalent decrease in rates would increase profit before tax by £11,000 (2021: £3,000).

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

	Group		Company	
FINANCIAL LIABILITIES	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Bank overdraft (sterling denominated)	**–**	–	**–**	(45)
Invoice finance (sterling denominated)	**(2,026)**	14	**–**	–
Invoice finance (euro denominated)	**(216)**	(679)	**–**	–
Lease liabilities (sterling denominated)	**(2,731)**	(2,208)	**(25)**	(60)
	(4,973)	(2,873)	**(25)**	(105)

Balances relating to the bank overdraft and invoice finance liabilities are subject to floating rates of interest whilst the balances relating to lease liabilities are subject to fixed rates of interest.

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 14.

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 period was £3,000 (2021: £48,000).

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, 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 £3.5m invoice finance facility is ongoing, as discussed in the commentary on the Consolidated Cash Flow Statement on page 32.

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

The table below summarises the maturity profile of the Group's financial assets and liabilities, which are all classified as Level 2, at 31 May 2022 and 31 May 2021.

	On demand	Less than one year	One to two years	Two to five years	Total
At 31 May 2022					
Financial assets					
Trade receivables	**3,633**	**–**	**–**	**–**	**3,633**
Non-derivative financial liabilities					
Invoice finance	**2,243**	**–**	**–**	**–**	**2,243**
Lease liabilities, including interest	**–**	**820**	**698**	**1,947**	**3,465**
Trade payables	**–**	**3,308**	**–**	**–**	**3,308**
	2,243	**4,128**	**698**	**1,947**	**9,016**
At 31 May 2021					
Financial assets					
Trade receivables	3,009	–	–	–	3,009
Non-derivative financial liabilities					
Invoice finance	665	–	–	–	665
Lease liabilities, including interest	–	1,191	784	621	2,596
Trade payables	–	2,402	–	–	2,402
	665	3,593	784	621	5,663

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 31st May 2022					
Foreign exchange forward contracts	–	424	–	–	424
	–	**424**	**–**	**–**	**424**

The outflows above relate to the settlement of the derivative contracts which are a fair value asset at the period end as disclosed in Note 14.

At 31st May 2021					
Foreign exchange forward contracts	–	1,014	–	–	1,014
	–	1,014	–	–	1,014

The Company's financial liabilities comprise a bank overdraft of £Nil (2021: £45,000) and is payable on demand, and lease liabilities of £25,000 (2021: £60,000)

Capital management
The Group defines capital as the total equity of the Group, which at the year end is £408,000 (2021: £2,566,000 negative) The Group objective for managing capital is to deliver competitive, secure and sustainable returns to maximise long-term shareholder value. There are no financial covenant restrictions on the Group's overdraft facility or invoice finance facility. Certain asset finance loans with HSBC were refinanced during the year and include EBITDA and cash headroom covenants that are reported monthly to the bank for the duration of the new lease term of 42 months from April 2022.

24 Related party transactions

Group
All transactions between the parent company and 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	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Short-term employee benefits (including employer's NI)	**542**	1,269	**384**	681
Termination costs (including employer's NI)	**-**	371	**-**	209
Share-based payments	**67**	41	**67**	41
Pension contributions	**15**	99	**11**	69
	624	1,780	**462**	1,000

Key management, other than Directors of the Company, comprise the Managing Directors and Finance Directors of the main operating subsidiaries and are included in the Group figures above. Costs in 2022 are considerably lower than the prior period, as 2021 included costs associated with the redundancy of certain key management as part of the Group restructuring.

Details of key management share options are disclosed in Note 18.

25 Net Debt

	Net overdraft/ (cash at bank) £000	Invoice finance £000	Lease liabilities £000	Total £000
At 1 April 2020	(457)	1,925	3,140	4,608
Cashflow	(581)	(1,202)	(946)	(2,729)
New finance leases in the period	–	–	14	14
Impact of foreign exchange rates	–	(58)	–	(58)
At 31 May 2021	(1,038)	665	2,208	1,835
Cashflow	1,038	1,585	(537)	2,086
New finance leases in the year	–	–	1,060	1,060
Impact of foreign exchange rates	–	(7)	–	(7)
At 31 May 2022	–	**2,243**	**2,731**	**4,974**
Balances comprise:				
Current assets	–	–	–	–
Current liabilities	–	2,243	634	2,877
Non-current liabilities	–	–	2,097	2,097
	–	**2,243**	**2,731**	**4,974**

26 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis and in accordance with UK - adopted international accounting standards. They 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 May 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 affect 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 10. In addition, Note 23 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 Director's assessment of going concern is based on the Group's detailed forecast for the three years ending 31 May 2023, 31 May 2024 and 31 May 2025, which reflect the Director's view of the most likely trading conditions. Since the balance sheet date, HSBC have confirmed their agreement to an increase in the Group's invoice finance facilities and the forecasts indicate that these bank facilities are expected to remain adequate.

The forecast includes revenue growth and margin improvement assumptions across all of the Group's businesses. At Chamberlin and Hill Castings, these assumptions include an improvement in automotive volumes as this sector recovers from the backlog of passenger vehicle orders arising from the shortage of vital electronic and other components in the last 18 months, modest growth from fitness equipment and cookware products and diversification into new markets. At Russell Ductile Castings, the forecasts assume that revenue and margin growth will be achieved from the investment being made in the expansion of its capacity and the ability to manufacture and sell a wider range of products using new materials. At Petrel, revenue and margin growth assumptions are based on the introduction of new products, including the use of new technology, and services, including warranty, inspection and maintenance.

The Directors have applied reasonably foreseeable downside sensitivities to the forecast, including sales growth and margin improvement at Chamberlin and Hill Castings is 40% and 20% lower than expectations respectively, sales growth and margin improvement at Russell Ductile Castings are both 20% lower than expectations and sales growth and margin at Petrel are 20% and 10% lower than expectations respectively. Furthermore, the Group is reliant on an invoice finance facility to fund its working capital needs. The renewal of the facility at the next annual review in March 2023 cannot be guaranteed, although there are no indications at the date of the approval of the financial statements that a renewal with the existing provider would not be granted or that alternative providers could not be found. In addition, the Directors have assumed that deferred settlement terms will be agreed with HMRC in relation to PAYE arrears of £1.5m for one subsidiary in the Group that have arisen in the period since the announcement by BorgWarner, having already agreed deferred settlement terms with HMRC for two subsidiaries.

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

However, the rate at which revenue growth and margin improvement can be achieved during a potentially future recessionary period and uncertain global trading conditions is difficult to predict. Furthermore, the ability to renew or source alternative invoice finance facilities or to agree deferred settlement terms with HMRC results 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 matters.

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.

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 IFRS 9, 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 acquiree) 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.

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

Property, plant and equipment, with the exception of the Group's remaining freehold land and buildings, is stated at cost less accumulated depreciation and any impairment in value. Freehold land and buildings are stated at market valuation provided by an independent chartered surveyor on a vacant possession basis. 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 freehold land and buildings, 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.

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. The Group makes use of a simplified approach in accounting for trade and other receivables, recording the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the lifetime credit losses, the Group uses its historical experience, external indicators and forward looking information to calculate the expected losses. Refer to note 14 for further details.

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 are defined as above, net of outstanding bank overdrafts.

Leases
In applying IFRS 16 '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.

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

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 defined contribution scheme, which requires 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 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 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 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 control of manufactured product has passed to the customer. For the vast majority of sales across the Group, control passes to the customer when the goods are collected on an ex-works basis from the Group's premises. Revenue from the manufacture and sale of tooling to customers is recognised when the customer has provided final approval and acceptance that the tooling is fit for purpose and can be used for production of the customer's goods.

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.

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 behavioral 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 include items such as share-based payment costs, reorganisation costs, impairment of assets, foreign currency hedge ineffectiveness, dilapidation costs and adviser costs and the associated tax impact on these items.

Government grants and subsidies
Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with, normally when a grant claim has been approved by the government authority and the grant monies have been received. Where the grant relates to an expense item, it is recognised as a credit over the period necessary to match the grant on a systemic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is credited to deferred income and released to the statement of comprehensive income to match the depreciation of the related asset.

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 – . In 2021 following the cancellation of all contracts by BorgWarner, the Directors undertook a detailed impairment review of the foundry division cash generating unit (CGU) that was impacted by this decision. This review was updated in 2022 in the light of the CGUs financial performance in the year and future prospects included in the three year forecast. Note 12 provides details of the impairment review undertaken during the period.
- Provision for obsolete inventory – the Group performs a review of inventory for slow-moving and obsolete items each year. The Directors reviewed the judgements made in 2021 in relation to slow moving and obsolete stock provisions associated with the BorgWarner contracts in the light of new contract wins in the year and forecast increases in revenue in the three year forecast. The review concluded that net realisable value was below cost and that an obsolete and slow-moving inventory provision was required, albeit at a reduced level compared to 2021. Note 13 provides further details of the provision made.
- Property dilapidations – the Group occupies two rental properties from which it conducts its activities. The Directors in the year reassessed the judgements made in 2021 concerning the future cost of returning the leased properties to the landlords in the condition specified in the lease. This reassessment was based on negotiations concluded with the landlord in the year and a third party estimate of the remaining expected cost. Note 16 provides further details of the provision made.
- Going concern - a three year forecast has been prepared to assess the Group's ability to continue to operate as a going concern. The 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 and margin growth targets are not met. The Directors' Report on pages 22 and 23 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, future pension increases and the ability of the Group to recognize a surplus on its balance sheet. Note 20 provides details of the defined pension scheme liabilities and valuation assumptions.
- Recoverability of deferred tax assets: 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. The deferred tax assets have been assessed as recoverable against forecasts of future taxable profits. Note 16 provides details of the deferred tax assets.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHAMBERLIN PLC

Opinion
We have audited the financial statements of Chamberlin plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 May 2022, which comprise:

- the Group statement of comprehensive income for the year ended 31 May 2022;
- the Group and parent company statements of financial position as at 31 May 2022;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes (1 to 26) to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

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 May 2022 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to Note XX and to the basis of preparation and going concern assessment noted in section 26 in the financial statements, which indicates that whilst the group are forecasting an improvement in overall activity due to improvements in automotive volumes and diversification into new markets. Management's projections assume an increase in other sales activity, continuing group finance facilities and agreeing extended payment terms with some preferred creditors. Whilst discussions are ongoing, no binding agreements are in place.

As stated in note 26, these events or conditions, along with the other matters set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the company's and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Obtaining managements forecasts covering the period from 1 June 2022 to 31 May 2024. We have assessed how these forecasts have been prepared, including assessing the appropriateness of management's forecasts and sensitivities to the underlying assumptions;
- Challenging the key assumptions used in the model, including increased sales activity, margin improvements and deferral of preferred creditors;
- Reviewing the disclosures made in the financial statements relating to going concern and agreeing it is consistent with management's assessment; and
- 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;

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £165,000 (FY21 £205,000), based on approximately 1% of turnover. The parent company materiality was determined as £70,000, based on approximately 2% of total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment and is approximately £99,000. The parent company performance materiality is approximately £42,000.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £4,950 (2021: £6,150). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds

Overview of the scope of our audit

The Group and its subsidiaries are accounted for at two locations across the UK. Chamberlin PLC, Chamberlin Hill & Castings Limited and Russell Ductile Castings Limited are accounted for from one location, with Petrel Limited being located at their registered offices.

We performed full scope audits of the complete financial information of Chamberlin PLC and the three components, Chamberlin Hill & Castings Limited, Russell Ductile Castings Limited and Petrel Limited. The work was performed directly by the group audit team. The operations that were subject to full-scope audit procedures made up 100 per cent of consolidated revenues, total profit before tax for continuing operations and total assets and liabilities.

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 which 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition Revenue is the key driver of the business and used as an important benchmark by shareholders for assessing the health of the Group. We deemed the significant risk to be in respect of existence and cut off 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	Our audit procedures consisted of: • 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 selection from the nominal and agreeing amounts to contracted amounts, cash receipts and/or proof of delivery where applicable; • Reviewing pre-year end and post year end transactions to ensure cut off correctly applied
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 May 2022, the defined benefit pension schemes' net assets were £0.06 million. The gross value of pension scheme assets amounted to £14.02 million, with gross liabilities amounting to £13.96 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 procedures consisted of: • Documenting our understanding of management's processes for evaluating the defined benefit scheme and assessing the design effectiveness of related key controls; • Evaluating the independence and competence of management's actuary; • Benchmarking the key assumptions used by management in the Group's valuation using an independent auditor expert actuary, comparing the data used to external market data; • Corroborating the valuation and existence of pension scheme assets to third party statements; • Assessing disclosures made in the financial statements to determine compliance with IAS 19.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 22, 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 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK being the principal jurisdiction in which the Group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases in particular where significant judgements are involved (see Key Audit Matters above).

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available 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.

Crowe UK LLP

MARK EVANS
(SENIOR STATUTORY AUDITOR)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

4 November 2022

PARENT COMPANY BALANCE SHEET

AT 31 MAY 2022

	Notes	**31 May 2022 £000**	31 May 2021 £000
Non-current assets			
Property, plant and equipment	11	**1,622**	702
Intangible assets	12	**3**	11
Investments	19	**2,964**	1,459
Deferred tax asset	16	**93**	455
Defined benefit pension scheme surplus	20	**64**	-
		4,746	2,627
Current assets			
Trade and other receivables	14	**68**	78
Income tax receivable	14	**35**	-
Amounts due from subsidiary undertakings	14	**17**	505
Cash at bank		**89**	-
		209	583
Total assets		**4,955**	3,210
Current liabilities			
Financial liabilities	15	**15**	78
Trade and other payables	15	**1,169**	1,445
		1,184	1,523
Non-current liabilities			
Financial liabilities	16	**11**	27
Deferred tax	16	**37**	77
Defined benefit pension scheme deficit	20	**-**	1,190
		48	1,294
Total liabilities		**1,232**	2,817
Capital and reserves			
Share capital	17	**2,087**	2,051
Share premium		**6,308**	4,720
Capital redemption reserve		**109**	109
Revaluation reserve		**1,003**	-
Retained earnings		**(5,784)**	(6,487)
Total equity		**3,723**	393
Total equity and liabilities		**4,955**	3,210

The profit dealt with in the accounts of the parent company was £310,000 (2021: £5,846,000 loss).

KEVIN PRICE
DIRECTOR

ALAN TOMLINSON
DIRECTOR

The accounts were approved by the Board of Directors on 4 November 2022

PARENT COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2022

	Note	**Year ended 31 May 2022 £000**	14 months ended 31 May 2021 £000
Operating activities			
Profit/(loss) for the period before tax		**591**	(5,744)
Adjustments to reconcile profit/(loss) for the period to net cash outflow from operating activities:			
Net finance costs		**62**	158
Impairment of investments		**(1,505)**	357
Impairment of amounts due from subsidiary undertakings		**-**	3,281
Depreciation of property, plant and equipment	11	**44**	62
Amortisation of software	12	**8**	11
Loss on disposal of fixed assets		**-**	2
Non-underlying items		**10**	227
Share-based payments	18	**67**	41
Defined benefit pension contributions paid		**(935)**	(355)
Decrease/(increase) in receivables		**498**	(9)
(Decrease)/increase in payables		**(249)**	225
Net cash outflow from operating activities		**(1,409)**	(1,744)
Investing activities			
Purchase of property, plant and equipment	11	**–**	(1)
Purchase of software		**–**	–
Net cash outflow from investing activities		**–**	(1)
Financing activities			
Interest paid		**(49)**	(109)
Principal element of lease payments		**(32)**	(49)
New share capital issued		**1,624**	3,312
Proceeds from convertible loan		**–**	200
Net cash inflow from financing activities		**1,543**	3,354
Net increase in cash and cash equivalents		**134**	1,609
Cash and cash equivalents at the start of the period		**(45)**	(1,654)
Cash and cash equivalents at the end of the period		**89**	(45)
Cash and cash equivalents comprise:			
Cash at bank		**89**	**–**
Bank overdraft		**–**	(45)
		89	(45)

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Retained earnings £000	Attributable to equity holders of the Company £000
Balance at 1 April 2020	1,990	1,269	109	–	(1,075)	**2,293**
Loss for the period	–	–	–	–	(5,846)	**(5,846)**
Other comprehensive income for the period net of tax	–	–	–	–	470	**470**
Total comprehensive expense	–	–	–	–	(5,376)	**(5,376)**
New share capital issued	61	3,451	–	–	–	**3,512**
Share-based payment	–	–	–	–	41	**41**
Deferred tax on share-based payment	–	–	–	–	(77)	**(77)**
Total of transactions with shareholders	61	3,451	–	–	(36)	**3,476**
Balance at 1 June 2021	2,051	4,720	109	–	(6,487)	**393**
Profit for the year	–	–	–	–	310	**310**
Other comprehensive income for the year net of tax	–	–	–	1,003	269	**1,272**
Total comprehensive income	–	–	–	1,003	579	**1,582**
New share capital issued	36	1,588	–	–	–	**1,624**
Share-based payment	–	–	–	–	67	**67**
Deferred tax on share-based payment	–	–	–	–	57	**57**
Total of transactions with shareholders	**36**	**1,588**	**–**	**–**	**124**	**1,748**
Balance at 31 May 2022	**2,087**	**6,308**	**109**	**1,003**	**(5,784)**	**3,723**

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. Transaction costs directly associated with the share placing and subscription in February 2022 of £0.2m have been debited to share premium in the period.

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.

Revaluation reserve

The revaluation reserve includes the difference between the market valuation of property, plant and equipment and its carrying value at the date of its valuation.

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

FIVE YEAR FINANCIAL SUMMARY

	2022* **	2021**	2020*	2019*	2018*
Revenue (£m)	**16.8**	26.4	26.1	33.0	30.2
Underlying loss before tax (£'000)	**(1,014)**	(3,198)	(1,434)	(1,509)	(1,006)
Statutory loss before tax (£'000)	**(509)**	(10,391)	(2,343)	(4,957)	(1,112)
Underlying diluted loss per share (pence)	**(0.5)**	(13.7)	(18.7)	(19.5)	(15.8)
Cash generated from operations (£'000)	**(4,037)**	(344)	1,546	(3,379)	791

* For the 12 months ended 31 March.

** For the 14 months ended 31 May.

*** For the 12 months ended 31 May.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company ("AGM") will be held on Wednesday 30 November 2022 at the Company's registered office at Chuckery Road, Walsall, WS1 2DU at 11.00 a.m.

Whilst shareholders will be able to attend the AGM in person, the directors remain keen to ensure the wellbeing of all employees and shareholders is protected and to minimise any public health risks from public gatherings. As a result, the directors continue to monitor the latest Government guidelines relating to COVID-19 and any shareholder wishing to attend in person will be required to pre-register with the company secretary by 23 November 2022 (or in the event that the AGM is adjourned, not less than five days prior to the adjourned AGM (excluding any part of a day that is not a business day)) by emailing the company secretary via www.chamberlin.co.uk/contact/contact-us/company-secretary (please state "Chamberlin PLC: AGM" in the subject line of the email and include the shareholder's full name).

Shareholders are strongly encouraged to exercise their voting rights by completing and submitting a form of proxy in advance of the meeting. While it is currently anticipated that there will be no restrictions on social contact or the format of the meeting at the time of the annual general meeting, shareholders should carefully consider whether or not it is appropriate to attend the annual general meeting. Shareholders will be able to exercise their right to vote by proxy and will be able to ask questions of the Board in advance of the AGM by emailing the company secretary at the above address (any such questions to arrive by 11.00 a.m. on 28 November 2022 (or in the event that the AGM is adjourned, not later than 48 hours (not including any part of a day that is not a working day) before the adjourned AGM)). The Board will endeavour to respond to questions which are put forward in advance of the AGM during the AGM and/or by publishing written responses on the investors section of the Company's website after the AGM (together with the results of voting).

The AGM 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 May 2022 (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 Kevin Price (Resolution 4).
5. To re-elect as a Director Alan Tomlinson (Resolution 5)
6. To re-elect as a Director Trevor Brown (Resolution 6).
7. To approve the Directors' Remuneration Report for the year ended 31 May 2022 (Resolution 7).
8. To reappoint Crowe U.K. 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 ("Act") (in substitution for all existing authorities under section 551 of the Act 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 £31,847 (representing 30% of the current issued ordinary share capital of the Company) 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 28 February 2024, 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 Act the Directors be and are hereby generally empowered (in substitution for all existing powers under section 570 of the Act 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 Act) for cash pursuant to the authority granted by resolution 10 as if Section 561(1) of the Act 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 £31,847 (representing 30% 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 28 February 2024, 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).

12. That the Company be and hereby is generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) 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 10,615,670;

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 28 February 2024, 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 12).

By order of the Board

ALAN TOMLINSON
Company Secretary
Chuckery Road
Walsall
WS1 2DU

4 November 2022

Notes to the notice of AGM

Attending the meeting

1. Should you wish to attend the Meeting in person, please pre-register your attendance with the company secretary by 23 November 2022 (or in the event that the Meeting is adjourned, not less than five days prior to any adjourned Meeting (excluding any part of a day that is not a business day)) by emailing the company secretary via www.chamberlin.co.uk/contact/contact-us/company-secretary (please state "Chamberlin PLC: AGM" in the subject line of the email and include your full name). This will enable the Company to put in place the requisite measures which may need to be introduced to meet any potential government-mandated COVID-19 restrictions.

Questions

2. Shareholders will be able to ask questions of the Board in advance of the Meeting by also emailing the company secretary at the above address (any such questions to arrive by 11.00 a.m. on 28 November 2022 (or in the event that the Meeting is adjourned, not later than 48 hours before any adjourned Meeting (not including any part of a day that is not a working day)). The Board will endeavour to respond to questions which are put forward in advance of the Meeting during the Meeting and/or by publishing written responses on the investors section of the Company's website after the Meeting (together with results of voting).

Proxies

3. A shareholder entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote, on a poll, instead of him. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the number of shares set out in the other proxy appointments is in excess of the number of shares held by that shareholder may result in the proxy appointment being invalid. The appointment of a proxy will not preclude a shareholder from attending, speaking and voting in person at the Meeting (subject to the requirement to pre-register set out in note 1 above).
4. 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 Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD by 11.00 a.m. on 28 November 2022 (or, if the Meeting is adjourned, not less than 48 hours before the time of any adjourned Meeting (not including any part of a day that is not a working day)). To appoint more than one proxy, complete a separate Form of Proxy in relation to each appointment. You may photocopy the Form of Proxy provided or alternatively contact the Registrars.
5. To appoint a proxy or proxies or to give an instruction to your proxy or proxies (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 7RA11) by 11.00 a.m. on 28 November 2022 (or, if the Meeting is adjourned, not later than 48 hours before the time of any adjourned Meeting (not including any part of a day that is not a working day)). 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. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. 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. A proxy may only be appointed in accordance with the procedures set out in these notes and the notes to the Form of Proxy. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
7. 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 Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD and in the case of a shareholder which is a corporation, the revocation notice must be executed in accordance with note (8) 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 Meeting or any adjourned meeting at which the proxy is to attend, speak and 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.

8. 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.

9. 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.

10. 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 discretion.

Entitlement to vote

11. 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 28 November 2022, or in the event that the Meeting is adjourned, on such register at 6.00 p.m. on the date two days before any adjourned Meeting (excluding any part of a day that is not a business day), shall be entitled to attend, speak and vote at the Meeting or vote by proxy 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, speak and vote or vote by proxy (and the number of votes they may cast) at the Meeting.

Total voting rights

12. As at the date of this document, the Company's issued share capital comprised 106,156,707 ordinary shares of 0.1 pence each and no ordinary shares are held in treasury. Each ordinary 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 106,156,707.

Method of voting

13. It is anticipated that voting on all resolutions at the AGM will be conducted by way of a show of hands. However, in accordance with the Company's articles of association, the chair of the meeting or five shareholders present in person (or by proxy) or shareholders present in person (or by proxy) holding not less than 10 per cent of the issued share capital may demand a poll on the day.

Corporate representatives

14. 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.

Documents available for inspection

15. 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 AGM 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.

Biographical details of Directors

16. Biographical details of all Directors who are offering themselves for election and re-election at the AGM are set out on page 11 of the enclosed annual report and accounts.

Explanation of resolutions/business to be conducted at the Annual General Meeting

17. An explanation of AGM Resolutions 10 to 12 is set out in the Report of the Directors on page 21.

Change of address

18. Shareholders should notify the Registrars without delay of any change of address.

Communications with the Company

19. You may not use any electronic address provided either in this notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

SHAREHOLDER INFORMATION

Directors	Keith Butler-Wheelhouse (Non-Executive Chairman) Kevin Price (Chief Executive) Alan Tomlinson (Finance Director) Kevin Nolan (Non-Executive Director) Trevor Brown (Executive Director)
Company Secretary	Alan Tomlinson
Registered Office	Chuckery Road Walsall WS1 2DU Registered in England No. 00076928
Auditor	Crowe U.K. LLP Oldbury
Solicitors	DLA Piper Birmingham
Nominated Adviser and Joint Broker	Cenkos Securities plc London
Joint Broker	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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