

Company Registration No. 00584792 (England and Wales)

Hewland Engineering Limited

**Annual report and financial statements
for the year ended 31 March 2024**

Hewland Engineering Limited

Company information

Directors	Amit Gupta William Hewland Andy Morley Abhishek Munjal Chandra Mittal	(Appointed 9 April 2023) (Appointed 9 April 2023)
Company number	00584792	
Registered office	Waltham Road White Waltham Maidenhead Berkshire SL6 3LR	
Independent auditor	Saffery LLP St John's Court Easton Street High Wycombe HP11 1JX	

Hewland Engineering Limited

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Hewland Engineering Limited

Strategic report For the year ended 31 March 2024

The directors present the strategic report for the year ended 31 March 2024.

2024: An overview

In 2024, the company experienced robust expansion and increased profitability following its integration as a subsidiary under Hero Motors Limited (HML). HML assumed majority ownership in February 2023, signalling a deepening commitment to the company's growth trajectory. This commitment was underscored by significant investments channelled into research and development (R&D) initiatives and developmental capacities within the United Kingdom operations.

Leveraging its largest ever order book, the company successfully executed numerous R&D projects catering to diverse sectors, including Motorsport, Aerospace, Automotive, and 2-Wheeler segments, thus bolstering its position as a key supplier to OEM clientele.

The notable uptick in engineering services catalysed robust fiscal growth throughout the fiscal year, marking a noteworthy strong return to profitability.

The motorsport sector remained a steadfast source of opportunities and sustained revenue for the company. Ongoing projects for key customers ensured full grid supply across various series throughout the year, including the successful execution of a new single seater and continuation of a variety of GT and TCR projects.

The business extended its assistance to the group's OEM clientele by offering A & B phase manufacturing alongside engineering services to pivotal customers for the design and development of new volume transmission designs.

Critical investments were directed towards enhancing test and development capabilities, exemplified by the inauguration of the company's second facility in the United Kingdom near Leamington Spa. This strategic move has significantly bolstered the company's design and testing capacities, enabling it to meet growing demands and scale operations effectively.

As an integral part of the HML Group, the company has implemented various group-wide policies, notably taking responsibility for executing the group's Environmental, Social, and Governance (ESG) policy, which is disseminated from the United Kingdom to HML's global locations.

Hewland Engineering Limited**Strategic report (continued)
For the year ended 31 March 2024****2024: Financial performance**

The results for the company for the last four years demonstrate the journey that the business has undertaken:

	2021	2022	2023 (7 Months)	2024
Turnover	£9,203,545	£10,260,520	£7,079,868	£13,508,449
Operating (Loss) / Profit before RDEC	(368,019)	(201,518)	(583,682)	639,102
EBITDA	(289)	172,790	231,596	1,064,313

The 2022/23 financial reporting period was shortened and spanned seven months for Group consolidation purposes with the year-end change from August 31st to March 31st. Within the first full year April 1st, 2023, to March 31st 2024 the business accomplished a notable achievement with a substantial increase in revenues (11% increase month on month) from the subsequent fiscal year of 2022/23, reaching £13,508,449 of revenues in addition £140,209 in other income. This growth aligns closely with the budgetary projections and signifies a robust resurgence in profitability, evidenced by an operating profit of £1,367,095.

The group's preferred measure of profitability – EBITDA (operating profit plus depreciation less RDEC) – saw an increase from £231,596 in 2023 to £1,064,313 in 2024.

The group ended the period with a net cash position of £705,368 (2023 (£2,000))

The group's Profit and Loss Reserve was positively impacted in the period by £300,074.

The company has a pension deficit reduction plan agreed with the Pension Scheme Trustees which includes annual contributions being made by the company monthly to reduce the deficit until such time as the scheme becomes self-sufficient. The business has fully met its funding obligations to the deficit reduction plan.

Hewland Engineering Limited

Strategic report (continued) For the year ended 31 March 2024

2024: Key performance indicators

The group uses several key performance indicators ('KPIs') to manage and direct the performance of the business to consistently deliver a service which exceeds client expectations. These are then formally cascaded down to set the performance criteria of the senior management team, all of whom now have a significant element of their pay directly related to their successful delivery against KPIs pertinent to their functional area.

The group has also continued to improve its internal reporting functions to focus on debtor management, robust cash forecasting procedures and profitable sales. The KPIs that the group uses to manage its cashflows and protect itself from the risks noted elsewhere in this Strategic Report are:

- Debtor days outstanding
- Creditor days outstanding
- Liquidity ratio
- Gross margin

In terms of publicly available KPIs, the group is pleased to report the following showing its management of working capital and key indicators of business performance:

	2021	2022	2023	2024
Debtor days outstanding	51.3	53.7	93.2	54.5
Creditor days outstanding	81.7	122.7	118	80.6
Liquidity ratio	1.8	1.1	0.82	1.0
Gross margin	32%	23.9%	20.2%	33.1%

The business exhibited a robust resurgence in profitability, marked by an enhancement in gross margin to 33.1% for the financial year 2023/24, a notable improvement from the 20.2% recorded in FY22/23.

Furthermore, significant strides were made in optimising operational efficiency, as evidenced by the improvement in both debtor and creditor days throughout the financial year, nearing, if not meeting, established payment terms.

2024: Market and customers

In 2024, Hewland has sustained its impressive growth trajectory in a variety of sectors demonstrating the businesses diverse range of transmission design and manufacturing capabilities. This success is reflected in the company's strongest-ever long-term order book, securing significant design development projects in the financial year and ensure growth into 2024/25. The business continues to make strides in a variety of sectors particularly an increase in top level motorsport, performance automotive and aerospace.

With the continual growth in new powertrain technologies particularly in the electric vehicle (EV) market has driven numerous development projects. The need to increase the design development support to key customer powertrain architectures has seen a requirement to further increase the businesses design development teams to further support growing segments.

Notably the emergence of electric powertrain products within the aerospace sector has presented a significant opportunity for the business with a several advanced design, development test and manufacturing projects in this emerging sector has provided the businesses a strong basis to grow its aerospace activities and division to meet the growing customer demand. This includes the introduction of new quality system to meet aerospace standard throughout the business from design to manufacturing. With the first test flights of Hewland produced units in the next financial year, represents a significant achievement for the business as well as a substantial opportunity to leverage the businesses light weight, high performance, high quality designs.

In addition, new motorsport transmission developments have enabled the business to secure further motorsport market share within 2024 with exciting new project in the development phase for the following financial year.

Hewland Engineering Limited

Strategic report (continued) For the year ended 31 March 2024

2024: Hewland sustainability summary

Whilst Hewland is not required to report under UK Streamlined Energy and Carbon Reporting (SECR), however due to the companies detailed work in sustainability the business has chosen to report SECR information voluntarily, as such this information provided is un-audited and for reference only.

During this past financial year Hewland has set its Environmental, Social & Governance (ESG) ambitions and its objectives towards meeting them. The company has published its Sustainability Corporate Commitment and ESG Policy & Strategy, highlighting its roadmap to sustainability and its goals to reduce its impact under the company's ESG values and standards.

As part of evaluating its climate change responsibility, Hewland has completed a business impact assessment to evaluate its Scope 1 and 2 impact.

The carbon footprint of the company is well aligned with product life cycle analysis conducted in early 2022 and highlights energy as one of the highest contributors to its business carbon footprint:

Scope 1 carbon footprint (company and business vehicles fuel consumption)	161 tCO₂e
Scope 2 carbon footprint (electricity)	452.68 tCO₂e

The company annual consumption represents an efficiency ratio of £22 of revenue per kilo of carbon dioxide (kCO₂e).

To reduce the business's carbon footprint, 2 top priorities were identified:

- Energy saving actions
- Wastes reduction and recycling

2 other priorities were added:

- Plastic reduction
- Design and manufacturing simplification.

In the year ending 31st of March 2024 the company fuel usage (natural gas) was 787,323.36kWh (2023: 979,103kWh) which is equivalent to 149.79 tons of carbon dioxide (2023: 234.48 tons of carbon dioxide). Fuel usage decreased by 19.6% compared to previous financial year and actions focussed on maintenance of heat treatment equipment to improve insulation efficiency & reducing heat wastes as well as implementing general energy saving best practices through the company.

Regarding business vehicle fuel consumption, the company deployed fuel efficiency techniques training to incentivise employees to reduce their fuel consumption while using business vehicles.

In the year ending 31st of March 2024 the company electricity usage was 2,210,270.1 kWh (2023: 2,291,497.1 kWh) which is equivalent to 452.68 tons of carbon dioxide (2023: 474.51 tons of carbon dioxide). During the past financial year, the following energy saving actions have been implemented, which allowed reducing consumption by 1.8%:

- Switch to LED lighting throughout the facility,
- Kick-off of an energy monitoring program in operations area
- Deployment of employee awareness actions and best practices

Social and governance:

Hewland's sustainability commitments encompass the social and governance aspects of ESG. As such, the company ensures it has the right policies and standards in place to meet its goals.

Through the last financial year, Hewland has introduced quarterly sustainability newsletters, energy-saving challenges, and a sustainability calendar. During the next financial year, the company will be continuing and expanding these activities exponentially.

Hewland fully supports the well-being and performance of its employees. Through the last financial year, the company has implemented the following new policies and mechanisms which reflect the ever-growing social responsibility of the company: Whistleblowing, Anti-bribery and anti-corruption, Dignity at work, Equality, Diversity & Inclusion, Anonymous reporting mechanism.

Hewland Engineering Limited

Strategic report (continued) For the year ended 31 March 2024

2024: Risks and uncertainties

The main financial risks arising from the business's activities are credit risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet signing date.

The additional risks and uncertainties considered by the Board of Directors in this financial year included the impact to the business due to high levels of inflation experienced in the UK and potential recessionary economic conditions.

Energy Prices:

The surge in energy prices during 2022/2023 posed significant challenges for numerous suppliers, particularly impacting manufacturing operations reliant on energy-intensive processes. Given the prevailing uncertainty in energy markets, characterised by elevated electricity and gas wholesale prices, the board recognises the potential for further pricing fluctuations in the energy sector, which poses a risk to the business. To mitigate this risk, the sustainability team has spearheaded various energy consumption reduction projects, yielding demonstrable cost savings. In addition, the business has a fixed priced energy deal which renews in September 2025.

Inflation:

Internal and external inflationary pressures, stemming from wage increases and escalations in supplier costs, have exerted notable strain on the business and its clientele. These pressures may necessitate price adjustments for gearboxes and parts, potentially dampening demand. While recent indicators suggest a moderation in inflation towards the base target in the UK, these developments remain nascent and introduce a level of risk and uncertainty, particularly considering the timeframe since the signing of the accounts.

Recession Impact:

Amid widespread predictions of financial recession, both domestically and globally, concerns arise regarding the potential downturn in consumer spending within the luxury and performance goods market. A reduction in expenditure could adversely affect customer demand, thereby impacting trading. Nevertheless, the business currently maintains a resilient position, having witnessed substantial demand growth throughout 2023 and into 2024. Additionally, the company has secured a record-high order book across multiple sectors, serving as a buffer against any perceived economic downturn.

Finance Risks:

The business's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made. To mitigate default risk, the business also requires deposits with all bespoke orders and stage payments for longer term projects.

The business does not have any bank loans but does run an asset finance facility. In respect of liquidity risk, the business maintains readily accessible bank deposit accounts to ensure the business has sufficient funds for operations in addition to having access to further shareholder support through Hero Motors Limited. The cash deposits are held in a mixture of short-term deposits and current accounts which earn interest at a floating rate.

The business sells in Sterling and so does not have any exchange rate exposure in that regard. On the supplier side, most goods and services are sourced in Sterling, but where some limited purchases need to be made in non-Sterling currency, individual forward purchases of currency are made to fix the exchange rate risks and uncertainties. However, due to the difficult market conditions for GBP, parts purchased outside of the UK have seen substantial movements because of the weaker currency.

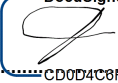
The business and its management consider that the biggest risks currently are around the market conditions in the UK. With high inflation and interest rates it is believed that the UK could be in a recession which could adversely impact customers spending patterns. The KPIs set out above are used to carefully monitor the business on a weekly and monthly basis to ensure that this risk is minimised.

The requirement to have the working capital to deliver programmes before payment has increased which is monitored closely by the Board.

Hewland Engineering Limited

**Strategic report (continued)
For the year ended 31 March 2024**

On behalf of the board

DocuSigned by:

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Andy Morley
Director

07 May 2024
Date:

Hewland Engineering Limited

Directors' report For the year ended 31 March 2024

The directors present their annual report and financial statements for the year ended 31 March 2024.

Principal activities

The principal activity of the company in the year under review was that of the manufacture and marketing of powertrain solutions and their precision component parts to the automotive, EV, performance automotive, motor racing, 2-wheeler and aerospace industries.

Results and dividends

The Board presents a full review of the business and its results within the Strategic Report on page 2 but in summary the results of the group are as follows:

	Year ended 31 March 2024 £	Period ended 31 March 2023 £
Turnover	13,508,449	7,079,868
Profit/(Loss) on ordinary activities before taxation	1,367,095	(428,832)
EBITDA	1,064,313	231,596

The business continues to invest in the necessary infrastructure and capabilities to grow to support various sectors and thus the Board of Directors have agreed not to award dividends within the financial year.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Amit Gupta

William Hewland

Andy Morley

Abhishek Munjal

(Appointed 9 April 2023)

Chandra Mittal

(Appointed 9 April 2023)

Hewland Engineering Limited

Directors' report (continued) For the year ended 31 March 2024

Research and development

In the motorsport and high-performance sectors, Hewland has made significant advancements in developing new single-seater transmissions and expanding its market presence with a diverse range of premium performance transmission designs. The company's commitment to delivering cutting-edge transmission solutions to motorsport customers remains unwavering, with several new projects scheduled for launch in the upcoming fiscal year. Hewland's reputation for providing best-in-class cost-per-mile racing experiences has been instrumental in propelling growth within the motorsport segment, thereby fuelling further R&D initiatives in this domain.

Hewland has strategically allocated substantial engineering resources to the burgeoning eVTOL (electric vertical take off and landing) and EV (electric vehicle) aerospace sectors, establishing itself as a prominent player in these exciting markets. This strategic focus has empowered Hewland to cultivate robust capabilities and emerge as a market leader in these pivotal domains.

In addition to its presence in the EV aerospace market, Hewland remains dedicated to designing and developing EV solutions for various automotive customers. The company has made significant investments in R&D activities within the EV sector. In the fiscal year 2023/2024, Hewland successfully designed and delivered several innovative electric drive unit (EDU) solutions to leading original equipment manufacturers (OEMs), with ambitious plans for further innovations in the future.

As an integral part of Hero Motors Limited, Hewland has extended its transmission solution design endeavours to serve the mass market through its separate mass design services arm, tailored to align with the Group's customers' requirements. This strategic expansion has enriched the company's comprehension of mass market segments and the requisite processes for delivering tailored solutions to both new and existing OEMs. Hewland's primary research and development focus remains on cost-effective, innovative transmission technology aimed at the mid-niche segment of volume applications, spanning from 10,000 to 60,000 units per annum.

To address the growing demand for new products, Hewland has augmented its engineering teams with increased headcount at its Southam facilities. This expansion enables the company to allocate significant resources to the research and development of new powertrain and transmission technologies, including validation testing. Hewland's focus remains on delivering compact and efficient solutions across various markets, particularly those of OEMs.

Auditor

Saffery LLP were appointed as auditor to the company during the year. They are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Hewland Engineering Limited

Directors' report (continued) For the year ended 31 March 2024

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

The Directors have conducted rigorous stress tests on management's business forecast, assessing them against worst-case market conditions and contemplating a significant downturn in trading performance. Following an exhaustive review of these stress test results, the Directors express confidence in their feelings.

They have meticulously ensured that, even in adverse scenarios leading to the depletion of the business' capital reserves, the company will sustain its operations over the foreseeable future. The Directors' confidence is further bolstered by the strength of the company's current order book. Furthermore, the company possess the capability to realise its assets and meet its financial obligations in an orderly manner within the regular course of business.

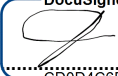
Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements. Considering all the circumstances, including consideration of the matters referred to in section 172(1) of the 2006 Act and on being satisfied that is (1) in the interests of the Company for the purpose of carrying on its business and (2) consistent with the Directors' duties to promote the success of the Company for the benefit of its members as a whole, it was prudent to approve that the Company continue to operate as, and its accounts be prepared on the basis that it is, a going concern with no material uncertainties.

Further details on the group and its globally recognised bespoke solutions can be found at the group's website: www.hewland.com

Hewland Engineering Limited

**Directors' report (continued)
For the year ended 31 March 2024**

On behalf of the board

DocuSigned by:

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Andy Morley
Director

Date: 07 May 2024

Hewland Engineering Limited

Independent auditor's report To the members of Hewland Engineering Limited

Opinion

We have audited the financial statements of Hewland Engineering Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have 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.

Hewland Engineering Limited

Independent auditor's report (continued) To the members of Hewland Engineering Limited

Opinions on other matters 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Hewland Engineering Limited

Independent auditor's report (continued) To the members of Hewland Engineering Limited

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Hewland Engineering Limited

**Independent auditor's report (continued)
To the members of Hewland Engineering Limited**

DocuSigned by:

Andrew Watkinson

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Andrew Watkinson
Senior Statutory Auditor
For and on behalf of Saffery LLP

07 May 2024
Date:

Chartered Accountants
Statutory Auditors

St John's Court
Easton Street
High Wycombe
HP11 1JX

Hewland Engineering Limited**Statement of comprehensive income
For the year ended 31 March 2024**

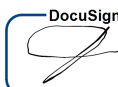
	Notes	Year ended 31 March 2024 £	Period ended 31 March 2023 £
Turnover	3	13,508,449	7,079,868
Cost of sales		(9,026,310)	(5,652,380)
Gross profit		4,482,139	1,427,488
Administrative expenses		(3,983,246)	(2,086,480)
Other operating income		868,202	447,243
Operating profit/(loss)	4	1,367,095	(211,749)
Interest receivable and similar income	7	8,141	890
Interest payable and similar expenses	8	(327,211)	(217,973)
Profit/(loss) before taxation		1,048,025	(428,832)
Tax on profit/(loss)	9	(186,296)	(70,667)
Profit/(loss) for the financial year		861,729	(499,499)
Other comprehensive income			
Actuarial loss on defined benefit pension schemes		(561,655)	(1,634,000)
Total comprehensive income for the year		300,074	(2,133,499)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Hewland Engineering Limited**Balance sheet
As at 31 March 2024**

	Notes	£	2024 £	£	2023 £
Fixed assets					
Tangible assets	11		1,984,367		1,367,352
Current assets					
Stocks	12	3,174,447		3,242,431	
Debtors	13	2,673,154		2,853,878	
Cash at bank and in hand		705,368		79,291	
		6,552,969		6,175,600	
Creditors: amounts falling due within one year	14	(3,472,265)		(3,729,123)	
Net current assets			3,080,704		2,446,477
Total assets less current liabilities			5,065,071		3,813,829
Creditors: amounts falling due after more than one year	15		(2,322,116)		(1,644,948)
Provisions for liabilities					
Defined benefit pension liability	18	5,300,000		5,026,000	
			(5,300,000)		(5,026,000)
Net liabilities			(2,557,045)		(2,857,119)
Capital and reserves					
Called up share capital	19		20,613		20,613
Profit and loss reserves			(2,577,658)		(2,877,732)
Total equity			(2,557,045)		(2,857,119)

The financial statements were approved by the board of directors and authorised for issue on 07 May 2024 and are signed on its behalf by:

DocuSigned by:

CD0D4C6FC244465...
 Andy Morley
 Director

Company Registration No. 00584792

Hewland Engineering Limited**Statement of changes in equity
For the year ended 31 March 2024**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 September 2022		14,852	(744,233)	(729,381)
Period ended 31 March 2023:				
Loss for the period		-	(499,499)	(499,499)
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	(1,634,000)	(1,634,000)
Total comprehensive income for the period		-	(2,133,499)	(2,133,499)
Issue of share capital	19	5,761	-	5,761
Balance at 31 March 2023		20,613	(2,877,732)	(2,857,119)
Year ended 31 March 2024:				
Profit for the year		-	861,729	861,729
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	(561,655)	(561,655)
Total comprehensive income for the year		-	300,074	300,074
Balance at 31 March 2024		20,613	(2,577,658)	(2,557,045)

Hewland Engineering Limited**Statement of cash flows****For the year ended 31 March 2024**

	Notes	£	2024 £	£	2023 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(79,048)		108,315
Income tax refunds and credits received			697,284		-
Net cash inflow from operating activities			618,236		108,315
Investing activities					
Purchase of tangible fixed assets		(700,221)		(184,995)	
Proceeds from disposal of tangible fixed assets		4,366		-	
Interest received		8,141		890	
Net cash used in investing activities			(687,714)		(184,105)
Financing activities					
Proceeds from issue of shares		-		5,761	
Proceeds from borrowings		959,009		1,365,000	
Repayment of borrowings		-		(1,250,000)	
Payment of finance leases obligations		(136,316)		(48,991)	
Interest paid		(49,912)		(130,973)	
Net cash generated from/(used in) financing activities			772,781		(59,203)
Net increase/(decrease) in cash and cash equivalents			703,303		(134,993)
Cash and cash equivalents at beginning of year			2,065		137,058
Cash and cash equivalents at end of year			705,368		2,065
Relating to:					
Cash at bank and in hand			705,368		79,291
Bank overdrafts included in creditors payable within one year			-		(77,226)

Hewland Engineering Limited

Notes to the financial statements For the year ended 31 March 2024

1 Accounting policies

Company information

Hewland Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Waltham Road, White Waltham, Maidenhead, Berkshire, SL6 3LR.

1.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Assets and liabilities in foreign currencies are translated into the entity's functional currency using the exchange rate at the Statement of financial position date.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements are presented for the 12 month period to 31 March 2024 to bring the Company's financial year end in line with that of the other group entities. Comparative figures are for the 7 month period to 31 March 2023 and are therefore not comparable with the current year figures.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue its operations for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

The Company's ongoing profitability is contingent upon the demand for its products and services and the achievement of specific sales targets. The directors have confidence in the forecasted level of sales, which is based on historic performance against forecasts. Moreover, the directors have stress-tested the business forecasts against worst-case market conditions, taking into account the current order book.

While the directors acknowledge the challenges the inflationary environment has posed, which led to increased costs in raw materials and labour in recent years, they have observed an easing and stabilising of these cost pressures. The Company has proactively implemented various cost-saving measures over the past financial years to mitigate the impact of inflation on the Company's financial performance.

After thorough assessment, the directors have determined that the Company is a going concern. Consequently, the financial statements require no adjustments related to the going concern assumption.

1.3 Turnover

Turnover represents the amount invoiced in respect of ordinary activities and is stated after trade discounts and net of value added tax.

Turnover is recognised when the risks and rewards of owning the goods have passed to the customer which is generally on delivery.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

Hewland Engineering Limited

Notes to the financial statements (continued) For the year ended 31 March 2024

1 Accounting policies (continued)

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	4% on cost
Plant and equipment	10% on cost
Fixtures and fittings	10% on cost
Office equipment	20% on cost

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Hewland Engineering Limited

Notes to the financial statements (continued) For the year ended 31 March 2024

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value. Work in progress is valued taking into account the stage of completion of relevant works orders at the period end. Work in progress and finished goods take account of an appropriate proportion of directly attributable costs and overheads.

At each reporting date, an assessment is made for impairment on obsolete and slow moving items. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Hewland Engineering Limited

Notes to the financial statements (continued) For the year ended 31 March 2024

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024**

1 Accounting policies (continued)***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

1.14 Retirement benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

The Company operates a defined benefit pension scheme for eligible employees which was closed to future accrual on 31 May 2011. The assets were held separately from those of the Company. The pension scheme surplus or deficit is recognised in the Statement of financial position as a pension asset or liability as appropriate. Contributions to the scheme are paid according to a deficit reduction plan agreed with the Trustees. From 1 June 2011 these consist of deficit funding only. The overall expected rate of return of the plan assets has been based on the average expected return of each asset class, weighted by the amount of assets in each class. The scheme holds quoted securities which are valued at current bid price.

The Company contributes to money purchase pension schemes on behalf of eligible employees including from 1 June 2011, contributions previously made to the defined benefit scheme. Additional retirement benefits are provided for nominated employees through a money purchase executive benefit scheme. These schemes are administered independently and the assets held separately from the Company. The premiums are charged to the profit and loss accounts.

Hewland Engineering Limited

Notes to the financial statements (continued) For the year ended 31 March 2024

1 Accounting policies (continued)

1.15 Leases

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of comprehensive income in interest payable over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of comprehensive income on a straight-line basis over the term of the lease.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred.

1.17 Foreign exchange

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transactions at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'other finance costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Identification of indicators of impairment

Determine whether there are indicators of impairment of the Company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024**

2 Critical accounting judgements and key sources of estimation uncertainty (continued)***Classification of leases***

Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stocks (see note 12)

Where stock is manufactured, the Company uses a standard costing model which hour costs includes all direct costs and a portion of the fixed expenditure determined to be attributable to the cost of manufacture based on an average efficiency. Work In Progress is valued dependant on the production hours on the completed operations attributable to each individual works order.

Stock that is deemed to be non-moving is provisioned for in full for any product that has not been utilised, either through manufacture or sale, within the previous two financial years. Stock deemed to be slow moving is also provisioned for and is valued by determining the annual demand for each individual stock item, for any stocking level greater than five years the remaining value is provided for. These valuation approaches changed in the prior financial year.

The reason for the change was to enable the business to focus on inventory management and provide greater visibility on inventory costs to determine actual Gross margin more easily.

Debtors (see note 13)

Trade debtors are stated at cost less accumulated provisions for impairment. Management continually assess whether trade debtors show any indication of impairment and, where an amount receivable is beyond agreed credit terms, exercise judgement as to the recoverability of the debt. In assessing this they consider the financial position of the debtor, their record of payment and prevailing market conditions.

Pensions (see note 18)

The Defined Benefit pensions scheme liabilities are calculated using an independent actuarial valuation using the latest available tri-annual valuation and rolling this forward to the current reporting date.

The discount rate used is derived from a Broadstone Sterling AA Yield curve plus a determined margin to reflect the average term of the liabilities being longer than the duration of the index.

Inflation and pension increases assume the Bank of England implied inflation spot rate at a term consistent with the term of the liabilities less a factor to reflect supply and demand issues, CPI inflation is assumed to lag long term RPI inflation by a pre-determined factor.

Mortality assumptions are updated from the latest version of the CMI projection model and assumptions are made to determine the long term improvement rates and the proportion of members expected to be married at retirement.

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****3 Turnover and other revenue**

	2024	2023
	£	£
Turnover analysed by class of business		
Product sales	12,070,386	6,834,062
Service sales	1,438,063	245,806
	<u>13,508,449</u>	<u>7,079,868</u>

	2024	2023
	£	£
Turnover analysed by geographical market		
United Kingdom	5,737,663	3,141,123
Rest of Europe	3,924,782	2,138,587
Rest of the world	3,846,004	1,800,158
	<u>13,508,449</u>	<u>7,079,868</u>

	2024	2023
	£	£
Other revenue		
Interest income	8,141	890
Grants received	727,993	371,933
Other operating income	140,209	75,310
	<u>976,343</u>	<u>827,133</u>

4 Operating profit/(loss)

	2024	2023
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	3,518	465
Research and development costs	5,038,223	439,425
Government grants	(727,993)	(371,933)
Fees payable to the company's auditor for the audit of the company's financial statements	68,274	78,500
Depreciation of owned tangible fixed assets	358,411	215,688
Depreciation of tangible fixed assets held under finance leases	66,800	27,217
Profit on disposal of tangible fixed assets	(9,371)	-
Operating lease charges	411,595	198,395
	<u>5,108,467</u>	<u>1,192,760</u>

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2024	2023
	Number	Number
Production	86	84
Design, research and development	25	24
Administration	14	11
	<hr/>	<hr/>
Total	125	119
	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	5,267,067	2,882,828
Social security costs	542,294	304,010
Pension costs	270,000	145,946
	<hr/>	<hr/>
	6,079,361	3,332,784
	<hr/> <hr/>	<hr/> <hr/>

6 Directors' remuneration

	2024	2023
	£	£
Remuneration for qualifying services	142,270	71,434
Company pension contributions to defined contribution schemes	3,636	3,000
	<hr/>	<hr/>
	145,906	74,434
	<hr/> <hr/>	<hr/> <hr/>

There was no director in the Company's defined benefit pension scheme (period ended 31 March 2023 - 0) and 1 director in the Company's defined contribution pension scheme (period ended 31 March 2023 - 1) during the period.

Employer's pension contributions of £3,636 (period ended 31 March 2023 - £3,000) were made to money purchase schemes on behalf of directors.

Key management personnel include all directors and selected senior management of the Company who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided to the Company was £750,418 (period ended 31 March 2023 - £350,703).

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****7 Interest receivable and similar income**

	2024	2023
	£	£
Interest income		
Interest on bank deposits	8,141	890
	<u>8,141</u>	<u>890</u>

	2024	2023
	£	£
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	8,141	890
	<u>8,141</u>	<u>890</u>

8 Interest payable and similar expenses

	2024	2023
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	11,685	465
Interest payable to group undertakings	24,891	115,000
	<u>36,576</u>	<u>115,465</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	69,635	15,508
Unwinding of discount on pension obligation	221,000	87,000
	<u>327,211</u>	<u>217,973</u>

9 Taxation

	2024	2023
	£	£
Current tax		
UK corporation tax on profits for the current period	199,903	70,667
Adjustments in respect of prior periods	(13,607)	-
	<u>186,296</u>	<u>70,667</u>

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****9 Taxation (continued)**

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2024	2023
	£	£
Profit/(loss) before taxation	1,048,025	(428,832)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	262,006	(81,478)
Tax effect of expenses that are not deductible in determining taxable profit	(1,028)	200
Tax effect of utilisation of tax losses not previously recognised	(115,649)	-
Change in unrecognised deferred tax assets	(88,583)	112,956
Effect of change in corporation tax rate	-	(27,110)
Research and development tax credit	186,296	70,667
Fixed asset differences	(56,746)	(4,568)
Taxation charge for the year	186,296	70,667

The company has unutilised tax losses of approximately £5.7m (period ended 31 March 2023 - £6.2m) available for offset against future taxable profit subject to agreement from HMRC. A deferred tax asset amounting to £2.9m (period ended 31 March 2023 - £2.1m), including amounts arising in relation to defined benefit pension scheme has not been recognised on the basis that its future economic benefit is uncertain.

The deferred taxation balances have been measured using the rates expected to apply in the reporting period when the timing differences reverse.

10 Representation of RDEC

A change to presentation has been made to show the RDEC receivable as taxable income, in line with the treatment under UK tax legislation.

The impact of this on the comparative period is to show £371,933 as a government grant receivable within other income, and move the corporation tax charge from £301,266 credit to £70,667 charge.

There is no impact on the balance sheet or the overall profit after tax.

Hewland Engineering Limited**Notes to the financial statements (continued)****For the year ended 31 March 2024****11 Tangible fixed assets**

	Leasehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Office equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2023	37,584	-	11,319,283	1,505,448	1,491,483	14,353,798
Additions	-	482,093	421,190	98,538	35,400	1,037,221
Disposals	-	-	(287,191)	(1,438)	4,844	(283,785)
At 31 March 2024	<u>37,584</u>	<u>482,093</u>	<u>11,453,282</u>	<u>1,602,548</u>	<u>1,531,727</u>	<u>15,107,234</u>
Depreciation and impairment						
At 1 April 2023	13,404	-	10,294,191	1,305,524	1,373,327	12,986,446
Depreciation charged in the year	1,501	-	342,249	43,253	38,208	425,211
Eliminated in respect of disposals	-	-	(285,742)	-	(3,048)	(288,790)
At 31 March 2024	<u>14,905</u>	<u>-</u>	<u>10,350,698</u>	<u>1,348,777</u>	<u>1,408,487</u>	<u>13,122,867</u>
Carrying amount						
At 31 March 2024	<u>22,679</u>	<u>482,093</u>	<u>1,102,584</u>	<u>253,771</u>	<u>123,240</u>	<u>1,984,367</u>
At 31 March 2023	<u>24,180</u>	<u>-</u>	<u>1,025,092</u>	<u>199,924</u>	<u>118,156</u>	<u>1,367,352</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2024	2023
	£	£
Plant and equipment	<u>702,271</u>	<u>431,588</u>

During the year, £34,452 (31 March 2023 - £nil) of interest costs directly attributable to the financing of assets under construction were capitalised.

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****12 Stocks**

	2024	2023
	£	£
Raw materials and consumables	172,214	139,243
Work in progress	912,487	1,576,454
Finished goods and goods for resale	2,089,746	1,526,734
	<u>3,174,447</u>	<u>3,242,431</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	2024	2023
	£	£
Amounts falling due within one year:		
Trade debtors	1,666,028	1,826,818
Corporation tax recoverable	604,998	760,585
Other debtors	84,749	101,575
Prepayments and accrued income	317,379	164,900
	<u>2,673,154</u>	<u>2,853,878</u>

14 Creditors: amounts falling due within one year

	2024	2023
	£	£
	Notes	
Bank loans and overdrafts	16	-
Obligations under finance leases	17	77,226
Other borrowings	16	92,605
Trade creditors		504,291
Taxation and social security		931,043
Deferred income		149,701
Other creditors		1,227,736
Accruals and deferred income		55,564
		476,792
		<u>3,472,265</u>
		<u>3,729,123</u>

The bank overdraft is secured via a fixed and floating charge over all assets of the Company. All obligations held under finance leases are secured against the assets in which they relate to.

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****15 Creditors: amounts falling due after more than one year**

	Notes	2024 £	2023 £
Obligations under finance leases	17	446,099	279,948
Other borrowings	16	1,876,017	1,365,000
		<u>2,322,116</u>	<u>1,644,948</u>

16 Loans and overdrafts

		2024 £	2023 £
Bank overdrafts		-	77,226
Loans from group undertakings		2,380,308	1,365,000
		<u>2,380,308</u>	<u>1,442,226</u>
Payable within one year		504,291	77,226
Payable after one year		1,876,017	1,365,000
		<u>2,380,308</u>	<u>1,442,226</u>

Loans from group undertakings relate to two loans from a shareholder, one of which was received during the period.

The existing loan is unsecured and accrues interest at 7.25% per annum. The loan is repayable on a quarterly basis from January 2024 to December 2027.

The new loan received in the year is unsecured and accrues interest at 9% per annum. This loan is comprised of three tranches, two of which have been drawn down. Tranche One will be repayable on a quarterly basis from September 2024 to September 2027. Tranche Two will be repayable on a quarterly basis from January 2025 to January 2028.

17 Finance lease obligations

	2024 £	2023 £
Future minimum lease payments due under finance leases:		
Within one year	190,160	110,569
In two to five years	529,931	368,565
	<u>720,091</u>	<u>479,134</u>
Less: future finance charges	(146,854)	(106,581)
	<u>573,237</u>	<u>372,553</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery.

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****18 Retirement benefit schemes**

	2024	2023
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	270,000	145,946

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined benefit schemes

The Company operates a defined benefit pension scheme in the UK funded by employer's contributions with assets held in a separate trustee administered fund. A full actuarial valuation was carried out at 1 May 2009 and updated annually since 2015 by a qualified actuary, independent of the scheme's sponsoring employer. The scheme was closed on 31 May 2011 and the employer continues to make deficit funding contributions to the scheme.

Principal actuarial assumptions used at the Statement of financial position date

	31 March 2024	31 March 2023
	%	%
Discount rates at start of period/year	4.6	4.3
Discount rate at end of period/year	4.9	4.6
Inflation - RPI	3.3	3.3
Inflation - CPI	2.5	2.5
Pension increases in deferment (Non GMP)	2.5	2.5
Pension increases in payment (RPI, max 5%)	3.0	3.2
Pension increases in payment (RPI, max 2.5%)	2.0	2.3
Pension increases in payment (RPI, max 3%)	2.3	2.3
Pension increases in payment (RPI, max 3%, max 5%)	3.7	3.6

Mortality rates	Number	Number
- for a male aged 65 now	86.1	86.6
- at 65 for a male member aged 45 now	88.6	89.0
- for a female aged 65 now	86.8	87.3
- at 65 for a female member aged 45 now	89.4	89.9

	2024	2023
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Net interest on net defined benefit liability/(asset)	220,000	87,000
Other costs and income	1,000	-
Total costs	221,000	87,000

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****18 Retirement benefit schemes (continued)**

	2024	2023
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(65,000)	1,214,000
Less: calculated interest element	685,000	415,000
	<hr/>	<hr/>
Return on scheme assets excluding interest income	620,000	1,629,000
Actuarial changes related to obligations	(60,000)	5,000
	<hr/>	<hr/>
Total costs	<u>560,000</u>	<u>1,634,000</u>

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2024	2023
	£	£
Present value of defined benefit obligations	19,992,000	20,184,000
Fair value of plan assets	(14,692,000)	(15,158,000)
	<hr/>	<hr/>
Deficit in scheme	<u>5,300,000</u>	<u>5,026,000</u>

	2024
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 April 2023	20,184,000
Benefits paid	(1,037,000)
Actuarial gains and losses	(60,000)
Interest cost	905,000
	<hr/>
At 31 March 2024	<u>19,992,000</u>

	2024
	£
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2023	15,158,000
Interest income	685,000
Return on plan assets (excluding amounts included in net interest)	(620,000)
Benefits paid	(1,037,000)
Contributions by the employer	507,000
Other	(1,000)
	<hr/>
At 31 March 2024	<u>14,692,000</u>

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****18 Retirement benefit schemes (continued)**

The actual return on plan assets was £65,000 (2023 - £1,214,000).

	2024	2023
	£	£
<i>Fair value of plan assets at the reporting period end</i>		
Property	3,529,000	-
Liability driven investment funds	3,865,000	4,594,000
Cash	197,000	585,000
Global equity	-	1,322,000
Diversified growth funds units	3,250,000	4,608,000
Annuity policies	3,851,000	4,049,000
	<u>14,692,000</u>	<u>15,158,000</u>

None of the fair values of the scheme's assets includes any of the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

The Company expects to contribute £507,000 (31 March 2023 - £220,000) to its defined benefit pension scheme during the year ending 31 March 2025.

19 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
9,090 Ordinary A shares of £1 each	9,090	9,090	9,090	9,090
1,010 Ordinary B shares of £1 each	1,010	1,010	1,010	1,010
10,513 Ordinary D shares of £1 each	10,513	10,513	10,513	10,513
	<u>20,613</u>	<u>20,613</u>	<u>20,613</u>	<u>20,613</u>

All classes of shares noted above are non-redeemable. Each share is entitled to one vote in any circumstances, has equal rights to dividends and is entitled to participate in a distribution.

20 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	482,210	397,721
Between two and five years	953,335	1,174,844
	<u>1,435,545</u>	<u>1,572,565</u>

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****21 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2024	2023
	£	£
Acquisition of tangible fixed assets	1,126,100	-

22 Related party transactions**Transactions with related parties**

The Company continues to lease land and buildings from W Hewland with a total contracted rental agreement of £1,824,237 for the full 6-year agreement revised in 2022. This agreement included reduced rent periods for Year 1 and Year 2.

As disclosed in note 18 the Company is the sponsoring employer for the Hewland Engineering Limited 1972 Pension and Life Assurance Scheme which was set up to provide retirement pensions for eligible employees. The scheme was closed on 3 May 2011. The Company contributed a total of £507,000 (period ended 31 March 2023 - £297,595) to the scheme during the period, all of which related to deficit funding payments. The Company also pays all administrative costs relating to the scheme which during the period totaled £1,000 (period ended 31 March 2023 - £90,022).

The amount due from the Company to W Hewland as in the directors' loan account at 31 March 2024 was Enil (31 March 2023 - £249,022).

Hero Motors do not have a creditor balance for costs related to the supply of goods within the financial year (31 March 2023 - £211,667)

Hero Motors remain a debtor of £5,949 for services supplied within the financial year (31 March 2023 - £35,257).

The amount due from the Company to Hero Motors Limited as in the shareholders loan at 31 March 2024 was £2,380,308 (31 March 2023 - £1,365,000).

Loan One is unsecured and accrues interest at 7.25% per annum. The loan is repayable on a quarterly basis from January 2024 to December 2027.

Loan 2 was received in the year. This is unsecured and accrues interest at 9% per annum. This loan is comprised of three tranches, two of which have been drawn down. Tranche One will be repayable on a quarterly basis from September 2024 to September 2027. Tranche Two will be repayable on a quarterly basis from January 2025 to January 2028.

23 Ultimate controlling party

Hero Motors Limited - U29299PB1998PLC039602 incorporated in India with the address Hero Nagar, G. T. Road, Ludhiana, Punjab, 141003. India is the ultimate controlling party by virtue of their majority ownership of the shares.

Hewland Engineering Limited**Notes to the financial statements (continued)
For the year ended 31 March 2024****24 Cash (absorbed by)/generated from operations**

	2024	2023
	£	£
Profit/(loss) for the year after tax	861,729	(499,499)
Adjustments for:		
Taxation charged	186,296	70,667
RDEC grant recognised	(727,993)	(371,933)
Finance costs	327,211	217,973
Investment income	(8,141)	(890)
Gain on disposal of tangible fixed assets	(9,371)	-
Depreciation and impairment of tangible fixed assets	425,211	242,905
Pension scheme cash paid	(508,655)	(300,000)
Movements in working capital:		
Decrease/(increase) in stocks	67,984	(239,895)
Decrease in debtors	25,137	323,786
(Decrease)/increase in creditors	(1,128,700)	814,496
Increase/(decrease) in deferred income	410,244	(149,295)
Cash (absorbed by)/generated from operations	(79,048)	108,315

Hewland Engineering Limited**Notes to the financial statements (continued)****For the year ended 31 March 2024****25 Analysis of changes in net debt**

	1 April 2023	Cash flows	New finance leases	Interest Exchange rate rolled up movements	31 March 2024
	£	£	£	£	£
Cash at bank and in hand	79,291	626,077	-	-	705,368
Bank overdrafts	(77,226)	77,226	-	-	-
	<u>2,065</u>	<u>703,303</u>	<u>-</u>	<u>-</u>	<u>705,368</u>
Borrowings excluding overdrafts	(1,365,000)	(955,208)	-	(56,299)	(2,380,308)
Obligations under finance leases	(372,553)	136,316	(337,000)	-	(573,237)
	<u>(1,735,488)</u>	<u>(115,589)</u>	<u>(337,000)</u>	<u>(56,299)</u>	<u>(2,248,177)</u>

Hewland Engineering Limited**Detailed profit and loss account
For the year ended 31 March 2024**

	Year ended 31 March 2024	Period ended 31 March 2023
	£	£
Turnover		
Sales of goods	12,070,386	7,079,868
Sales of services	1,438,063	-
	<u>13,508,449</u>	<u>7,079,868</u>
Cost of sales	<u>(9,026,310)</u>	<u>(5,652,380)</u>
Gross profit	4,482,139	1,427,488
Other operating income		
Government grants receivable and released	727,993	371,933
Fees receivable as other operating income	140,209	75,310
	<u>868,202</u>	<u>447,243</u>
Administrative expenses	<u>(3,983,246)</u>	<u>(2,086,480)</u>
Operating profit/(loss)	1,367,095	(211,749)
Interest receivable and similar income		
Bank interest received	8,141	890
	<u>8,141</u>	<u>890</u>
Interest payable and similar expenses		
Bank interest on loans and overdrafts	11,685	465
Finance lease interest payable	69,635	15,508
Unwinding of discount on pension obligation	221,000	87,000
Interest payable to group companies	24,891	115,000
	<u>(327,211)</u>	<u>(217,973)</u>
Profit/(loss) before taxation	<u>1,048,025</u>	<u>(428,832)</u>

This page does not form part of the financial statements on which the auditors have reported.

Hewland Engineering Limited**Schedules to the profit and loss account
For the year ended 31 March 2024**

	Year ended 31 March 2024 £	Period ended 31 March 2023 £
Cost of sales		
<i>Purchases and other direct costs</i>		
Raw materials purchases	2,819,331	1,705,716
Finished goods purchases	67,987	63,177
Projects Direct	139,654	-
Carriage inwards and import duty	110,965	108,516
Wages and salaries	3,217,265	1,983,182
Social security costs	314,964	201,098
Subcontract labour	855,075	792,581
Staff pension costs defined contribution	147,440	88,602
Packaging	41,211	20,265
Rent re operating leases	291,878	155,616
Rates	114,490	51,369
Power, light and heat	304,801	186,659
Machinery repairs and maintenance	259,000	97,325
Depreciation	342,249	198,274
	<hr/>	<hr/>
Total purchases and other direct costs	9,026,310	5,652,380
	<hr/>	<hr/>
Total cost of sales	9,026,310	5,652,380
	<hr/> <hr/>	<hr/> <hr/>

This page does not form part of the financial statements on which the auditors have reported.

Hewland Engineering Limited**Schedules to the profit and loss account (continued)
For the year ended 31 March 2024**

	Year ended 31 March 2024 £	Period ended 31 March 2023 £
Administrative expenses		
Wages and salaries	1,882,512	828,212
Social security costs	227,330	102,912
Staff recruitment costs	107,130	-
Staff welfare & other costs	90,444	116,416
Staff training	41,327	16,261
Staff pension costs defined contribution	118,924	54,344
Other staff costs	25,020	-
Directors' remuneration	142,270	71,434
Directors' pension costs - defined contribution scheme	3,636	3,000
Rent re operating leases	119,717	42,779
Rates	28,621	12,844
Cleaning	18,581	9,894
Power, light and heat	143,132	79,124
Machinery repairs and maintenance	85,638	29,302
Projects Indirect	48,959	-
Computer running costs	384,778	253,306
Motor running expenses	17,112	12,428
Travelling expenses	31,622	20,143
Professional subscriptions	7,956	2,772
Legal and professional fees	45,416	134,050
Accountancy	-	12,938
Audit fees	68,274	-
Bank charges	15,024	6,359
Bad and doubtful debts	9,704	6,499
Insurances (not premises)	111,163	62,349
Printing and stationery	10,840	4,978
Advertising	22,158	30,781
Telecommunications	11,032	-
Sundry expenses	(2,117)	9,381
Depreciation	82,962	44,631
Profit or loss on sale of tangible assets	(9,371)	-
Profit or loss on foreign exchange	3,518	465
Pension administration costs	89,934	118,878
	<u>3,983,246</u>	<u>2,086,480</u>

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