

Registration number: 12838779

Magal Automotive Ltd.

Annual Report and Financial Statements

for the Year Ended 31 March 2022

KNAV Limited
Statutory Auditors
Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Magal Automotive Ltd.

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Magal Automotive Ltd.

Company Information

Directors	Mr R K Kejriwal Mr D Bains Mr A Srivastava
Registered office	Baldwin Road Stourport-On-Severn DY13 9BB
Auditors	KNAV Limited Statutory Auditors Hygeia Building Ground Floor 66-68 College Road Harrow Middlesex HA1 1BE

Magal Automotive Ltd.

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors of the company

The directors who held office during the year were as follows:

Mr R K Kejriwal

Mr D Bains

Mr A Srivastava

Principal activity

The principal activity of the company is the manufacture of systems and components for the automotive original equipment manufacturers.

Key product groups are driver controls and cable systems, with the customer base being primarily automotive original equipment manufacturers.

Business review

Magal Automotive Limited has faced a challenging year and continues, along with the rest of the manufacturers in the automotive industry, to face significant challenges in the future.

Turnover for the year, whilst below pre-pandemic levels, was like the previous year on a pro-rata basis. The turnover recovered strongly from the covid pandemic; however, this has since reduced due to well publicised shortage of certain components impacting on automotive production.

The company also faced other significant challenges in the financial year including Brexit which has disrupted supply chains and increased transport costs and shortage of plastic/steel raw materials which has resulted in increased costs for these products by more than 30% compared to the previous year.

Despite all these challenges, through careful planning and cost reduction programs the company has tried to partly offset lost margin, whilst still being prepared for future growth.

Therefore, whilst the future is undoubtedly challenging, the directors believe the company is in a strong and efficient position to weather these challenges and benefit from the expected increase in turnover forecast in the automotive industry once supply chain issues have been resolved.

Magal Automotive Ltd.

Directors' Report for the Year Ended 31 March 2022 (continued)

Principal risks and uncertainties

As previously mentioned, the principal risk facing the company is the lack of demand from OEM's as a result of component shortages and rising raw material prices. Whilst we cannot control the OEM demand, we are looking to reduce material price impact by buying at agreed rates and discussing availability of raw material supplies with alternative suppliers.

The management therefore will continue to review the order book on a weekly and monthly basis and will take appropriate action to align the business to customer requirements, especially to control costs in a current volatile environment.

Brexit has impacted the company significantly and whilst this impact is still being felt, the company has dealt with these issues and resolved these where possible and will continue to do so in the future.

The company transacts its business in various currencies including Euro's. Where possible the company has mitigated fluctuating exchange rate risks by purchasing raw materials in Euro's. The company continues to monitor cashflow in these currencies and will look to hedge future cashflows, if required. This is part of the overall foreign exchange management.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new and existing customers and monitoring orders and payments.

Given the development of cash there was never any concern on the company's cash reserves. The company is ultimately supported in a broader cash pool which would also allow further financing through Remsons Industries, if required.

Analysis of key performance indicators

In managing the business, the directors pay particular attention to the key performance indicators. There are a range of KPI's that cover Quality, Sales, Finance and Human Resources. Major KPI's are EBIT (Total and in % of Sales), headcount, PPM, on time customer PPAP submission, cost of poor quality, Working Capital (Total and in % of Sales), Net sales per partner, quote performance, on-time delivery, on time response to customer concerns (8D) and accident incident rate.

Environment

The company integrates health, safety and environmental factors into day to day strategic business decisions.

The company complies with all relevant legislation and commits to continual improvement activities in accordance with the international standard ISO 14001.

The company is committed in managing its resources to save energy, reduce waste, promote recycling and avoid damage to the environment.

Magal Automotive Ltd.

Directors' Report for the Year Ended 31 March 2022 (continued)

Financial risk management

The ultimate parent undertaking and controlling party of Magal Automotive Limited is Remsons Industries Limited, a company incorporated in India, whose Corporate risk department review live positions and rolling 12 months forecast.

Risk exposure

Remsons Industries Limited's Corporate risk department assess and control the exposure to risks from price, credit, liquidity, and cash flow. This constant monitoring reduces the exposure to risk.

Research and development

The company continues to undertake R&D activities based around its product range of Automotive Control System Assemblies. Ongoing update of products is carried out to meet customer changing technical needs, and new electrification programme requirements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

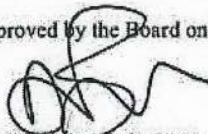
Reappointment of auditors

The auditors KNAV Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 24 August 2022 and signed on its behalf by:



.....
Mr D Bains
Director

Magal Automotive Ltd.

Statement of Directors' Responsibilities

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 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.

Magal Automotive Ltd.

Independent Auditor's Report to the Members of Magal Automotive Ltd.

Opinion

We have audited the financial statements of Magal Automotive Ltd. (the 'company') for the year ended 31 March 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A '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 2022 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 director's 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 original financial statements were 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Magal Automotive Ltd.

Independent Auditor's Report to the Members of Magal Automotive Ltd. (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], 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.

Magal Automotive Ltd.

Independent Auditor's Report to the Members of Magal Automotive Ltd. (continued)

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations - this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102 Section 1A, and UK taxation legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

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 organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

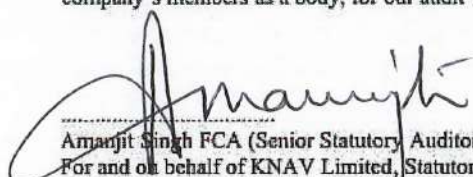
A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Magal Automotive Ltd.

Independent Auditor's Report to the Members of Magal Automotive Ltd. (continued)

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.



.....
Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

24 August 2022

Magal Automotive Ltd.

Profit and Loss Account for the Year Ended 31 March 2022

		31 March 2022	26 August 2020 to 31 March 2021
	Note	£	£
Turnover		7,325,101	4,229,387
Cost of sales		<u>(4,687,935)</u>	<u>(2,738,878)</u>
Gross profit		2,637,166	1,490,509
Distribution costs		(355,636)	(278,234)
Administrative expenses		(1,954,205)	(942,752)
Other operating income		<u>21,925</u>	<u>-</u>
Operating profit		349,250	269,523
Interest payable and similar expenses		<u>(92,875)</u>	<u>(50,262)</u>
Profit before tax	4	256,375	219,261
Taxation		<u>15,305</u>	<u>(97,975)</u>
Profit for the financial year		<u><u>271,680</u></u>	<u><u>121,286</u></u>

The notes on pages 13 to 22 form an integral part of these financial statements.

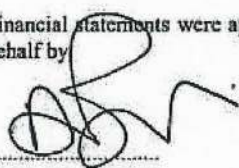
Magal Automotive Ltd.

**(Registration number: 12838779)
Balance Sheet as at 31 March 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	5	250,906	288,092
Tangible assets	6	<u>652,389</u>	<u>758,622</u>
		<u>903,295</u>	<u>1,046,714</u>
Current assets			
Stocks	7	1,263,988	1,338,569
Debtors	8	1,721,198	1,771,125
Cash at bank and in hand		<u>543,586</u>	<u>168,936</u>
		<u>3,528,772</u>	<u>3,278,630</u>
Creditors: Amounts falling due within one year	9	<u>(1,766,423)</u>	<u>(1,531,156)</u>
Net current assets		<u>1,762,349</u>	<u>1,747,474</u>
Total assets less current liabilities		<u>2,665,644</u>	<u>2,794,188</u>
Creditors: Amounts falling due after more than one year	9	<u>(1,690,007)</u>	<u>(2,074,927)</u>
Provisions for liabilities		<u>(82,671)</u>	<u>(97,975)</u>
Net assets		<u>892,966</u>	<u>621,286</u>
Capital and reserves			
Called up share capital	11	500,000	500,000
Profit and loss account		<u>392,966</u>	<u>121,286</u>
Shareholders' funds		<u>892,966</u>	<u>621,286</u>

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the Board on 24 August 2022 and signed on its behalf by



Mr D Bains
Director

Magal Automotive Ltd.

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital	Profit and loss	Total
	£	£	£
Profit for the year	-	121,286	121,286
Total comprehensive income	-	121,286	121,286
New share capital subscribed	500,000	-	500,000
At 31 March 2021	500,000	121,286	621,286

	Share capital	Profit and loss	Total
	£	£	£
At 1 April 2021	500,000	121,286	621,286
Profit for the year	-	271,680	271,680
Total comprehensive income	-	271,680	271,680
At 31 March 2022	500,000	392,966	892,966

The notes on pages 13 to 22 form an integral part of these financial statements.

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Baldwin Road
Stourport-On-Severn
DY13 9BB
England

These financial statements were authorised for issue by the Board on 24 August 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006 as applicable to companies subject to small companies regime. The disclosure requirements of section 1A of the FRS 102 have applied other than where additional disclosure is required to show a true and fair view.

Basis of preparation

Summary of disclosure exemptions:

In preparing these financial statements, the company has taken advantage of the exemption from disclosing certain financial instrument disclosures, as permitted by FRS102 paragraph 1.12 (b), on the basis that it is a qualifying entity and its ultimate parent company, Remsons Industries Ltd., includes these in its own financial statements.

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

Name of parent of group

These financial statements are consolidated in the financial statements of Remsons Industries Ltd. These may be obtained from:

Baldwin Road,
Stourport-On-Severn,
England, DY13 9BB

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Going concern

The Company has net assets of £892,966 as at 31 March 2022. On the basis of the directors assessment of the Company's financial position and the willingness of the ultimate parent company, Remsons Industries Limited, to provide continued support, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, being a period of not less than twelve months from the approval of these financial statements. Therefore, these financial statements have been prepared on a going concern basis.

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in the other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	5 to 6 years Straight line basis
Fixtures, fittings and equipment	2 to 4 years Straight line basis
Motor vehicles	6 years Straight line basis

Business combinations

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.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Intangible assets

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 5 years
Customer contracts	Straight line over 10 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

At each reporting period date, an assessment is made for impairment. 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.

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

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.

Financial instruments

Classification

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.

Recognition and measurement

Basic financial assets, which include debtors and cash and bank balances, 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.

Impairment

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.

3 Staff numbers

The average monthly number of persons employed by the company (including directors) during the year, was 47 (2021: 47).

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

4 Profit before tax

Arrived at after charging/(crediting)

	31 March 2022	26 August 2020 to 31 March 2021
	£	£
Depreciation expense	217,980	103,815
Amortisation expense	<u>37,186</u>	<u>18,593</u>

5 Intangible assets

	Goodwill	Contractual customer relationships	Total
	£	£	£
Cost or valuation			
At 1 April 2021	<u>65,173</u>	<u>241,512</u>	<u>306,685</u>
At 31 March 2022	<u>65,173</u>	<u>241,512</u>	<u>306,685</u>
Amortisation			
At 1 April 2021	6,517	12,076	18,593
Amortisation charge	<u>13,035</u>	<u>24,151</u>	<u>37,186</u>
At 31 March 2022	<u>19,552</u>	<u>36,227</u>	<u>55,779</u>
Carrying amount			
At 31 March 2022	<u>45,621</u>	<u>205,285</u>	<u>250,906</u>
At 31 March 2021	<u>58,656</u>	<u>229,436</u>	<u>288,092</u>

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

6 Tangible assets

	Furniture, fittings and equipment £
Cost	
At 1 April 2021	862,437
Additions	115,122
Disposals	<u>(18,000)</u>
At 31 March 2022	<u>959,559</u>
Depreciation	
At 1 April 2021	103,815
Charge for the year	217,980
Eliminated on disposal	<u>(14,625)</u>
At 31 March 2022	<u>307,170</u>
Carrying amount	
At 31 March 2022	<u>652,389</u>
At 31 March 2021	<u>758,622</u>

7 Stocks

	2022 £	2021 £
Raw materials and consumables	938,043	1,045,246
Work in progress	81,482	106,040
Finished goods and goods for resale	<u>244,463</u>	<u>187,283</u>
	<u>1,263,988</u>	<u>1,338,569</u>

8 Debtors

	2022 £	2021 £
Trade debtors	1,427,348	1,713,070
Other debtors	185,765	21,462
Prepayments	<u>108,085</u>	<u>36,593</u>
Total current trade and other debtors	<u>1,721,198</u>	<u>1,771,125</u>

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

9 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
HP and finance lease liabilities	10	95,578	95,016
Trade creditors		841,605	242,271
Amounts owed to group undertakings	12	-	701,535
Taxation and social security		33,326	45,791
Other creditors		7,801	6,385
Accrued expenses		402,898	357,689
Deferred income		<u>385,215</u>	<u>82,469</u>
	10	<u>1,766,423</u>	<u>1,531,156</u>
Due after one year			
Loans and borrowings	10	60,046	124,509
Amounts owed to group undertakings		<u>1,629,961</u>	<u>1,950,418</u>
		<u>1,690,007</u>	<u>2,074,927</u>

Loan to group undertaking of £1,629,961 (2021:£2,651,952) is secured by fixed and floating charges on all the property or undertaking of the company.

10 Loans and borrowings

	2022 £	2021 £
Non-current loans and borrowings		
Finance lease liabilities	<u>60,046</u>	<u>124,509</u>

Magal Automotive Ltd.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

10 Loans and borrowings (continued)

	2022	2021
	£	£
Current loans and borrowings		
Finance lease liabilities	<u>95,578</u>	<u>95,016</u>

11 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

12 Related party transactions

Summary of transactions with other related parties

The company has taken advantage of the exemptions available in FRS 102 1A from disclosing related party transactions with other companies that are wholly owned within the group.

13 Pension

The Company operates a defined pension scheme. The assets of the schemes are held separately from those of the Company in an independently administered fund. The pension cost charged represents contributions payable by the Company to the fund and amounted to £39,813. Contributions totalling £7,711 were payable to the fund at the reporting date and are included in creditors.

14 Parent and ultimate parent undertaking

The company's immediate parent is Remsons Holdings Ltd, incorporated in England and Wales.

The ultimate parent is Remsons Industries Limited, incorporated in India.

These financial statements are available upon request from Remsons Industries Limited
401, 4th Floor
Glanddiola Hanuman Road
Vile Parle East
Mumbai, Maharashtra
India 400057

Magal Automotive Ltd.

Detailed Profit and Loss Account for the Year Ended 31 March 2022

	31 March 2022 £	26 August 2020 to 31 March 2021 £
Turnover (analysed below)	7,325,101	4,229,387
Cost of sales (analysed below)	<u>(4,687,935)</u>	<u>(2,738,878)</u>
Gross profit	<u>2,637,166</u>	<u>1,490,509</u>
Gross profit (%)	36%	35.24%
Distribution costs (analysed below)	<u>(355,636)</u>	<u>(278,234)</u>
Administrative expenses		
Employment costs (analysed below)	(1,089,483)	(489,858)
Establishment costs (analysed below)	(435,600)	(206,770)
General administrative expenses (analysed below)	(171,459)	(119,498)
Finance charges (analysed below)	(9,873)	(4,218)
Depreciation costs (analysed below)	(255,166)	(122,408)
Other expenses (analysed below)	<u>7,376</u>	<u>-</u>
	<u>(1,954,205)</u>	<u>(942,752)</u>
Other operating income (analysed below)	<u>21,925</u>	<u>-</u>
Operating profit	349,250	269,523
Interest payable and similar expenses (analysed below)	<u>(92,875)</u>	<u>(50,262)</u>
Profit before tax	<u><u>256,375</u></u>	<u><u>219,261</u></u>

This page does not form part of the statutory financial statements.

Magal Automotive Ltd.

Detailed Profit and Loss Account for the Year Ended 31 March 2022 (continued)

	31 March 2022 £	26 August 2020 to 31 March 2021 £
Turnover		
Sale of goods, UK	2,384,458	1,572,911
Sale of goods, Europe	1,450,894	1,684,264
Sale of goods, rest of world	3,489,749	901,212
Royalties receivable	-	71,000
	<u>7,325,101</u>	<u>4,229,387</u>
Cost of sales		
Opening raw materials	1,045,246	-
Opening work in progress	106,040	-
Opening finished goods	187,283	-
Purchases	3,866,481	3,495,914
Direct costs	(45,647)	50,652
Closing raw materials	(938,043)	(1,045,246)
Closing work in progress	(81,482)	(106,040)
Closing finished goods	(244,463)	(187,283)
Wages and salaries (excluding directors)	696,539	473,537
Staff NIC (Employers)	37,221	14,700
Staff pensions (Defined contribution)	9,804	4,185
Consumable tools	48,956	38,459
	<u>4,687,935</u>	<u>2,738,878</u>
Distribution costs		
Packaging material	(54,895)	(31,548)
Freight and carriage	(300,741)	(246,686)
	<u>(355,636)</u>	<u>(278,234)</u>
Employment costs		
Wages and salaries	829,284	364,818
Staff NIC (Employers)	68,561	28,967
Directors remuneration	132,000	66,000
Directors NIC (Employers)	16,995	8,603
Staff pensions (Defined contribution)	19,450	8,668
Directors pensions (Defined contribution)	10,560	5,280
Subcontract cost	-	60
Staff training	(1,848)	2,495
Staff welfare	14,481	4,967
	<u>1,089,483</u>	<u>489,858</u>

This page does not form part of the statutory financial statements.

Magal Automotive Ltd.

Detailed Profit and Loss Account for the Year Ended 31 March 2022 (continued)

	31 March 2022 £	26 August 2020 to 31 March 2021 £
Establishment costs		
Rates	63,767	29,339
Water rates	2,148	1,096
Light, heat and power	145,246	76,271
Insurance	127,972	50,243
Repairs and maintenance	93,934	47,897
General maintenance	2,533	1,924
	<u>435,600</u>	<u>206,770</u>
General administrative expenses		
Telephone and fax	9,172	6,130
Office expenses	10,262	4,187
Computer software and maintenance costs	25,180	15,917
Printing, postage and stationery	5,006	3,357
Trade subscriptions	4,184	-
Hire of plant and machinery	32,020	14,171
Sundry expenses	575	345
Management charges payable	29,390	31,000
Petrol or diesel	10,166	4,308
Motor repairs and renewals	2,221	467
Car hire (Spot hire)	1,105	-
Auditor's remuneration - The audit of the company's annual accounts	17,000	13,250
Legal and professional fees	5,458	333
Foreign currency (gains)/losses - operating expense	19,720	26,033
	<u>171,459</u>	<u>119,498</u>
Finance charges		
Bank charges	9,873	4,218
Depreciation costs		
Amortisation of goodwill	13,035	6,517
Amortisation of customer contracts	24,151	12,076
Depreciation of plant and machinery (owned)	217,980	103,815
	<u>255,166</u>	<u>122,408</u>
Other expenses		
(Profit)/loss on disposal of tangible fixed assets	7,376	-
Other operating income		
Other operating income	21,925	-

This page does not form part of the statutory financial statements.

Magal Automotive Ltd.

Detailed Profit and Loss Account for the Year Ended 31 March 2022 (continued)

	31 March 2022 £	26 August 2020 to 31 March 2021 £
Interest payable and similar expenses		
Bank interest payable	16,538	143
Other loan interest	<u>76,337</u>	<u>50,119</u>
	<u>92,875</u>	<u>50,262</u>