TRICORN GROUP PLC
ANNUAL REPORT

FOR THE 18 MONTH PERIOD ENDED

30 SEPTEMBER 2020

Company No 01999619

Company registration number:	01999619
Registered office:	Spring Lane Malvern Link Malvern Worcestershire WR14 1DA
Directors:	Andrew Brian Moss (Chairman and Non-Executive Director) Michael John Stock (Chief Executive Officer and Finance Director) David Leakey (Group Sales Director and Operations Director) Roger Allsop (Non-Executive Director)
Secretary:	Michael Charles Greensmith
Nominated adviser and Nominated broker:	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Registrars:	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD
Bankers:	HSBC Bank plc 6 Broad Street Worcester WR1 2EJ
Solicitors:	Harrison Clark Rickerbys 5 Deansway Worcester WR1 2JG
Auditors:	BDO LLP Two Snowhill Birmingham B4 6GA

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Chairman's Statement

Performance in the 18 month period ended 30 September 2020

As a result of the impact of COVID-19, the Group changed its accounting reference date from 31 March to 30 September and this report therefore relates to the 18 month period commencing on 1 April 2019 and ending on 30 September 2020 (the "Period").

On 16 June 2020, the Company announced the appointment of Michael Stock as Group Finance Director, replacing Phillip Lee who had been with the Group for 11 years. Michael Stock joined the Group on 3 August 2020 and, following a review of the capabilities of the finance team, determined the need to hire a new, stronger and more experienced team. Under his leadership, this new team conducted an internal review of the performance of the Group and various matters came to light in the preparation of the Group's financial statements for the Period. These were announced on 16 November 2020 with further updates being made in December 2020 and January 2021. Further details on these matters are provided in the Chief Executive and Group Finance Director's Report below.
The breakdown in the control and oversight of the finance function during the period is extremely disappointing. The focus of the new team has been to implement robust controls over current financial reporting to ensure confidence in the results presented. Despite significant work being done by the new finance team the legacy issues have resulted in the auditor disclaiming their opinion on the financial statements of the Group and Company for the Period as it has not been possible to fully reconstruct the historic accounting records by the time we are due to report. Notwithstanding the limitations relating to the accounting records to support the transactions the comments on the results throughout the annual report are our understanding of the results based on the financial reporting system in place and the work done by the finance team after the year end.

The first six months of the Period commenced with encouraging trading conditions but, by the end of this six month segment, UK markets were slowing. In the USA, whilst volumes were holding up, margins were under pressure from tariffs imposed on imported goods from China. The Group successfully completed its investment in a painting facility in the USA providing the capability to bring in-house painting processes previously out-sourced. This has provided both manufacturing cost savings and lead time reductions and is welcomed by our customers.

Trading during the second six-month period was initially in-line with the outlook presented with our interim results for the six months ended 30 September 2019, namely that UK markets were at a low ebb and US markets were weakening. We took measures to reduce our cost base to reflect lower levels of activity, but remained optimistic about the opportunities for the Group. On 5 February 2020, we successfully completed a placing and open offer of new ordinary shares raising net of costs, £1.34m. The planned use for these funds was to: strengthen the balance sheet; provide working capital headroom to enable growth opportunities to be pursued across the Group; and fund capital expenditure on a new manufacturing capability in the USA.

During February 2020, the first impact of COVID-19 was experienced by our joint venture business in China. Many businesses in China, including our own, were prevented by the Chinese Government from re-opening after the Spring Festival. However, our facility remained closed for only two weeks with local management successfully working with Government officials to put in-place COVID-19 secure measures to protect the work force. The joint venture has traded strongly since then with no further COVID-19 related disruption to activities.

We now realise that the unprecedented impact of COVID-19 on the global economy and our daily lives was first evidenced by the issues in China and associated supply chain disruption at our major customers in the early part of March 2020. For Tricorn, this meant short notice changes in demand schedules, both decreases and increases, with consequent adverse impacts on labour utilisation and working capital.

Both Tricorn's UK facilities were temporarily closed on 25 March 2020 amidst safety concerns for employees and following serious disruption to supply chains and numerous customer closures. The Group's USA facilities closed a few days later with similar concerns and challenges. Most of the Group's UK and US employees were furloughed from the end of March 2020, with the remaining key staff focused on ensuring that the Group's facilities were in full compliance with the latest Government guidelines to allow an early and safe restart once supply chains and customer demand were re-established.

As we entered the third six month period in April 2020, we were focused on preparing for the re-opening of our manufacturing facilities whilst implementing measures to protect all our employees in accordance with best practice. The Group's UK and US facilities reopened and have remained open, from 20 April 2020 onwards, albeit with reduced staffing levels and employees continuing to work from home wherever possible.

Chairman's Statement (continued)

Performance in the 18 month period ended 30 September 2020 (continued)

We also put in place a number of measures to protect our cash position. These included utilising the UK Job Retention Scheme and the USA furlough scheme. We obtained a $0.7m loan under the USA Payroll Protection Program, which post-period end we were informed has been forgiven. The Group also obtained an additional £1.0m of funding in June 2020 through the UK Government's Coronavirus Business Interruption Loan Scheme ("CBILS") facility from its existing bank, HSBC and more recently, in March 2021, secured an additional £0.5m from the CBILS Invoice Discount Top Up Facility with HSBC which is backed by a UK Government guarantee.

Revenue and loss before taxation were significantly impacted by the events and issues of the past 18 months that are described above. Revenue of £25.4m for the Period compares to £22.8m for the 12 months ended 31 March 2019. Loss before taxation was £7.7m (2019: profit £1.0m).

People

On 11 January 2021, the Company announced that Mike Welburn, after 13 years as Chief Executive, was stepping down from the Board with immediate effect and that Michael Stock, would take on the combined role of Chief Executive and Group Finance Director. In addition, David Leakey, who joined the Group as Sales Director in 2011, was appointed Group Sales and Operations Director with immediate effect.

The Board would like to take the opportunity to thank all our employees for their hard work and support throughout this difficult period. Their commitment and dedication ensure that we continue to drive the business forward and deliver quality products to our customers.

Outlook

Since February 2020, as a result of the global pandemic, Tricorn has experienced an extended period of challenging markets and turbulent trading. We have made significant changes to our senior executive team, who are focused on improving our operations to strengthen our commercial opportunities for growth. Customer demand is steadily improving which is a welcome sign that the Company is returning to pre-pandemic levels of production activity.

While the Group is currently operating within its borrowing facilities, these facilities alone will not provide the Group with the necessary cash to make the required investment to deliver the strategy and return the Group to profitable cash generation. There are a number of funding options available to the group which are currently being considered by management. The Group's bankers continue to remain supportive during this period.

We anticipate that the impact of COVID-19 and the shipping delays of imported material will continue to put pressure on labour costs and associated labour productivity in the near term. The Group made a solid start to the year with revenue for the first six months of 2021 in line with the same period in the previous year and increasing 33% on the previous six month period ending 30 September 2020, although margins continue to see some pressure from price increases and labour productivity. With a re-energised leadership team focussing on the business turnaround strategy, the Directors consider that Tricorn is well positioned to manage these headwinds and further improve its operational performance to its customers.

Andrew Moss
Chairman

Chief Executive and Group Finance Director's statement

Operational Review

The Group has five manufacturing facilities across the UK, USA and China. These locations make Tricorn ideally positioned to support its blue-chip OEM customer base, many of whom are seeking to localise supply and technical support for their facilities in these key regions. At the start of the Period, the Group consolidated its brands with Franklin Tubular Products Inc and the more recently announced expansion at Rabun Gap together operating as Tricorn USA with Malvern Tubular Components Limited and Maxpower Automotive Limited trading under the common identity of Tricorn UK. The joint venture in China remains as Minguang-Tricorn Tubular Products Nanjing Limited.

Tricorn UK

The Group has two manufacturing facilities in the UK, located in West Bromwich and Malvern. The Malvern facility specialises in the design and manufacture of larger tubular assemblies and fabrications for engine, cooling and generator set applications. Its customer base serves the power generation, oil and gas, mining and marine application markets. The West Bromwich site is focused on rigid, nylon and hybrid tubular products for engines, hydraulic actuation, transmission lubrication and fuel sender sub-systems. Key end markets are on- and off-road applications, including construction, trucks and agriculture.

Demand through February 2020 had started to slow in the UK with further softening thereafter as some customers experienced supply shortages from China. However, the situation deteriorated rapidly through March 2020. As set out above, both Tricorn UK facilities were temporarily closed on 25 March 2020 amidst safety concerns for employees and following serious disruption to supply chains and numerous customer closures. The facilities were reopened from 20 April 2020 onwards and have remained open since. Markets gradually started to improve towards the end of the Period albeit with some ongoing supply chain concerns.

As discussed in the Chairman's Statement, we have been unable to obtain full accounting records in the UK for the Period and therefore our understanding of the results as discussed below are based on the financial reporting system in place and the work performed by the finance team to substantiate the results after the year end.

Revenue for the 18 month trading period of £15.3m was 8.5% up on the corresponding 12 month period (31 March 2019: £14.1m). Segmental loss before taxation was £4.3m (31 March 2019: profit £0.9m).

Tricorn USA

In the USA, in May 2019, the Group had extended its capabilities with the purchase of a custom built powder coat and wet spray painting line located in leased premises at Rabun Gap, Georgia, a short distance from its manufacturing facilities at Franklin, North Carolina. This facility has allowed previously sub-contracted processes to be brought in-house as well as providing for further expansion of manufacturing facilities when market conditions improve.

Market demand slowed in the Period when compared to the previous period with this reduction escalating through March 2020 due to the impact of COVID-19. Revenue for the Period of £10.3m was up 18.4% on the 12 month period ended 31 March 2019 (31 March 2019: £8.7m). Segmental loss before taxation in the Period was £2.3m (31 March 2019: profit £46,000).

Joint Venture - China

Our Chinese joint venture, Minguang-Tricorn Tubular Products Nanjing Limited, performed broadly in line with expectations and enabled dividend payments to the Group in the period of £0.3m.

Financial Review

Income statement

As highlighted in the Chairman's statement, this 18 month trading period has been significantly impacted by the effects of COVID-19 from which the Group is now emerging, and also from an internal review of the performance of the Group following my appointment and the subsequent hiring of a new, stronger and more experienced finance team.

Overall, consolidated revenue for the Period of £25.4m compares to £22.8m for the 12 months ended 31 March 2019. The loss before taxation was £7.7m (31 March 2019: profit £1.0m). Given the change of accounting reference date and the extended 18 month reporting period to 30 September 2020 as compared to the 12 month reporting period to 31 March 2019, and the significant impact of COVID-19 on the trading period, this review analyses the 18 month period in 6-month segments consistent with the Chairman's statement.

Chief Executive and Group Finance Director's statement (continued)

Income statement (continued)

Trading for the 6 months ended 30 September 2019 showed revenue of £10.6m (30 September 2018: £11.4m) and a profit before taxation of £0.2m (30 September 2018: £0.5m). It was reported at this time that revenues in the UK were beginning to slow and that US margins were under pressure from import tariffs. Trading for the next 6 months to 31 March 2020 showed the impact of this slowdown and margin pressure and Group revenue for this period was £8.5m (a 19.8% decline from the previous 6 months) (31 March 2019: £11.3m) returning a loss before taxation of £0.8m (31 March 2019: profit £0.5m).

As noted above, February and March 2020 signalled the significant impact of COVID-19 on our business and this has largely defined the results in the 6 months ended 30 September 2020 with Group revenue of £6.3m (a further 25.9% decline from the previous 6 months) (30 September 2019: £10.6m) and a loss before taxation of £7.1m (30 September 2019: profit before tax £0.2m).

The loss before taxation of £7.1m in the 6 months to 30 September 2020 was significantly impacted by an internal review of the financial governance of the Group conducted following my engagement in August 2020 and the identification of a balance sheet risk of £4.6m which was announced on 16 November 2020. This has since been investigated and written off in full together with other more normal adjustments of approximately £0.5m, associated with a robust period-end close process in readiness for the audit of the Period.

Given the nature of the historic accounting records and prevailing control environment at the time, it has not been possible to accurately allocate the adjustment of £4.6m to specific time segments and it might be that some of these adjustments relate to accounting periods prior to the 18 months ended 30 September 2020. The Board does not consider it a cost effective or an economic use of resources to perform this reallocation exercise and therefore the adjustments have been reflected in the Period.

Approximately £1.1m of the £4.6m write-off related to the Group's US operation. This included a write-off of capitalised development costs of £0.3m and a write-down of net inventory of £0.5m both predominantly relating to a contract loss since the onset of COVID-19, and a more prudent view on debtor recovery of £0.3m.

In the UK, approximately £2.5m of the £4.6m was written off. This included a stock write down of £0.7m, an internal audit of fixed assets resulting in a write off of approximately £0.6m, recognition of a historic understatement of liabilities of £1.0m and a more prudent view on debtor recovery of £0.2m.

In addition to the £3.6m identified above as specific to the US and UK operations, it was also reported in the announcement of 16 November 2020 that there existed an intercompany imbalance of approximately £1.0m. This too has been subsequently investigated and has been written off in the results for the period to 30 September 2020.

Gross margins in the Period were down 8.3% at 30.1% (31 March 2019: 38.4%), impacted by approximately £2.0m of adjustment following the internal performance review referred to above. This equates to 7.9% of revenue in the period to 30 September 2020 or 8.8% of revenue for the 12 months to 31 March 2019.

Distribution costs at £1.1m (31 March 2019: £1.0m) represent 4.4% of revenue (31 March 2019: 4.5%).

The Group's administration costs for the Period increased to £13.8m (31 March 2019: £6.8m) and includes an adjustment of approximately £3.0m following the internal performance review and non-underlying charges of £0.7m (31 March 2019: £0.1m). Adjusting for this £3.7m, administration costs as a percentage of revenue represent 39.8% (31 March 2019: 29.4%). The increase of 10.4% is predominantly attributable to the significant decline in volume and the lack of contribution from this lost revenue to the fixed costs of the business.

The Group's Chinese joint venture ('JV'), Minguang-Tricorn Tubular Products Nanjing Limited, showed profitability over the Period, with the Group's share of profit being £0.1m (31 March 2019: £0.3m) and dividends received from the JV of £0.3m (31 March 2019: £nil).

EBITDA for the Period was a loss of £5.2m (31 March 2019: profit £1.8m). EBITDA in the current period has benefitted from £0.7m as a result of the adoption of IFRS 16 in the period when compared to the policy applied in the previous year. Finance costs for the Period were £0.5m (31 March 2019: £0.2m), of which £0.2m is attributable to the adoption of IFRS16. The Group delivered a loss before taxation for the Period of £7.7m (31 March 2019: profit £1.0m).

After adjusting for intangible asset amortisation, goodwill impairment, Rabun Gap start-up costs and share based payment charges, the adjusted loss before taxation for the Period was £6.9m (31 March 2019: profit £1.1m).

Chief Executive and Group Finance Director's statement (continued)

Income statement (continued)

Basic earnings per share (EPS) was (18.81p) (31 March 2019: 2.62p) and after adjusting for non-underlying items, the underlying EPS* was (17.04p) (31 March 2019: 3.02p).

The Board is not recommending the payment of a dividend for the Period ended 30 September 2020 (31 March 2019: 0.2p).

Balance Sheet

Total assets of the Group as at 30 September 2020 were £14.2m, a reduction of £0.8m on the previous period end (31 March 2019: £15.0m). The decrease is represented by a write-off of assets of approximately £3.0m following the internal performance review, net of an increase in fixed assets of approximately £2.9m following the adoption of IFRS16 and a goodwill impairment charge of £0.4m which relates to the acquisition of Maxpower Automotive Limited in 2007. The balance of £0.3m is predominantly attributable to the lower volume of business in the latter trading months leading up to 30 September 2020 which has resulted in lower levels of operating working capital.

Total liabilities of the Group as at 30 September 2020 had increased by £4.8m to £12.5m (31 March 2019: £7.7m) predominantly due to the recognition of £2.9m of lease commitments following the adoption of IFRS16 and an increase in borrowings of approximately £1.7m (excluding hire purchase and finance lease liabilities).

On translation of its overseas assets and liabilities, the Group made an exchange gain of £0.5m (31 March 2019: £0.1m gain). This is a non-cash movement and is treated as a movement in other comprehensive income. As a result, the translation reserve in shareholders' funds now shows a £0.5m surplus (31 March 2019: £14,000 surplus).

Cash Flow

The Group's cashflow from operations in the Period was an outflow of £1.9m (31 March 2019: inflow £1.2m). This was predominantly due to the impact of COVID-19 on the trading activities for the Period, as the write-off associated with the internal performance review was primarily non-cash in nature.

After interest payments and net tax receipts, cash outflow from operating activities during the Period was £2.2m (31 March 2019: inflow £0.9m). This excludes cashflows from operating leases following the adoption of IFRS16 of £0.7m which forms part of the payment of finance lease liabilities in the Group statement of cashflows of £0.9m (31 March 2019: £84,000).

During the Period, the net cash outflow from investing activities was £0.3m (31 March 2019: £1.0m). Expenditure on the purchase of plant and machinery was £0.3m (31 March 2019: £0.7m). In the year ended 31 March 2019, the Group had expenditure of £0.3m on intangible assets whereas this was £nil in the 18 months to 30 September 2020.

Total operational cash outflow including investing activities was £2.5m (31 March 2019: £0.1m) and was financed by a mixture of net proceeds from the February 2020 Placing and Open Offer of £1.34m (net of costs) and availability of COVID-19 related facilities in the UK and the USA of approximately £1.6m.

As a result of the Group's operating activities in the Period, net debt (excluding hire purchase agreements and finance lease liabilities) increased over the prior year by £1.8m to £4.9m (31 March 2019: £3.1m). Cash and cash equivalents at 30 September 2020 were £0.7m (31 March 2019: £0.5m). The Group's cash and cash equivalents as at 28 June 2021 were approximately £0.9m.

Michael Stock
Chief Executive and Group Finance Director

** References to adjusted EBITDA, (loss)/profit before taxation and adjusted earnings per share are before intangible asset amortisation, goodwill impairment, Rabun Gap start-up costs and share based payment charge*

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The Directors have set out below the principal risks facing the business.

Risk	Impact	Mitigation
Working capital and liquidity risk	Recent poor financial results have led to the Group's borrowing facilities becoming fully utilised and the need for further funding to support the investment required to return the group to profitability and cash generative activities. In addition, some suppliers may offer reduced credit terms during this time, which could put short term pressure on the Group's cash flows and could potentially lead to the deferral of investment decisions.	Various funding options are available to the Group and these are currently being considered by management. The Group's bankers remain supportive during this period. The Group maintains communication with key suppliers around the timing of payment runs and updates on its performance as necessary.
Internal control	For a company of its scale, Tricorn has had relatively complex operations with multiple locations and multiple information systems. This has led to significant control weaknesses being identified in the current period as disclosed in the Chairman's Statement and the Audit Committee Report.	The Directors and management have significantly strengthened the Group's resourcing and control environment since the period end as detailed in the Audit Committee Report. Management is continuing to improve and develop its ongoing reporting and control environment to ensure control weaknesses are mitigated in future.
Supply chain	Supply chain disruptions caused recently by the COVID-19 pandemic and shipping delays of imported materials can lead to the inability to fulfil customer orders, leading to a reduction in sales and increased pressure on margins.	At an operational and strategic level the Group ensures that it develops close relationships with its customers and its suppliers. By doing this it is in a position to understand the changing nature of sourcing and supply chain strategy quickly and respond accordingly to any risks that this might pose to the Group. In addition, the Group has been holding a level of buffer stock to help mitigate delays in supply.
People	People drive the success of the business. Inability to attract, retain and develop talent at all levels of the organisation could lead to failure in both short term delivery and longer term strategic goals.	The Group places great importance on communication with its employees. It aims to offer appropriate remuneration packages in order to mitigate this risk and seeks to create a supportive working environment where employees are encouraged to learn and develop in their roles.
Exchange rate risk	The Group operates internationally giving rise to exposure from changes in foreign currency exchange rates, the majority of which relates to US dollars. Changes in foreign currency rates could effect the financial results of the Group.	The new management team have revised the foreign currency policies and are creating natural hedges where possible, both in relation to translational and transactional foreign exchange.
Economic and political uncertainty	As a global business, the Group may be affected by political, economic or regulatory developments in one or more countries in which we operate. This could include a global recession, COVID-19, Brexit and US/China trade relations.	The Group monitors the external economic and commercial environments to ensure that it responds to economic change appropriately in order to ensure that the risk of any impact is mitigated
Customer concentration	A significant proportion of the Group's revenue is derived from its top 4 customers. The Group's income and each individual site's profitability could be materially adversely impacted by changes to our relationship with these key customers, including a decision to diversify or change how, or from whom, they source the components that we currently provide, an	Management continues to be focused on strengthening customer relationships and for our key 4 customers, we ensure that multiple contact points are maintained, and that communication is frequent and transparent. As part of the Group's strategy, a significant investment in talent is contemplated and this includes further investment in key account

	inability to agree on mutually acceptable pricing or a significant dispute with the Group.	management resource which will support the communication approach described above and further enhance the positive customer relationships that currently exist.
IT systems and cyber-security	The Group has a range of systems upon which it relies to receive, process and plan customer orders and manage its supply chain. Recent trends are towards greater EDI linkages which add complexity and increased risk around data integrity. Interruption of access or loss of these systems could negatively affect the Group's ability to produce, despatch and invoice customers as well as interrupt the smooth running of its own supply chain.	Specialist third party IT support provide multi-layer data backup and storage. Regular updates for malware, security and virus protection are installed. The Group continues to monitor its IT requirements and the suitability of its business platforms and may, at some point in the future, further invest in MRP systems to support diversification, drive geographic consistency across its divisions and deliver business efficiency.

Section 172(1) statement

Introduction
As required by s172 of the Companies Act 2006, directors of a company must act in a way they consider, in good faith, would most likely promote the success of the Group for the benefit of its shareholders. In so doing, the directors must have regards amongst other matters to:

- the likely consequences of any decision in the long term;
- the interests of the Group`s employees;
- the need to foster the Group`s business relationships with suppliers, customers and others;
- the impact of the Group`s operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the Company.

Examples of how the Directors discharged their s172 duty when taking the principal decisions during the Period

The Board takes the interests of stakeholders into account when making decisions. The relevance of each stakeholder group may increase or decrease by reference to the issue in question, so the Board seeks to understand the needs and priorities of each group during its discussions. During a challenging year, the below have been the principal decisions taken and how stakeholders views have been considered:

Our stakeholders	**Engagement**	**Principal decisions and outcomes**
Shareholders The Company's major shareholders are set out in the Report of the Directors	The Board's approach to shareholder engagement is detailed in the Corporate Governance report on pages 15 to 22. Key interactions included through: • Physical and virtual meetings with major shareholders • Information in relation to the fundraising in February 2020, including a circular containing details of the transactions • Regular contact with key investors outside of the reporting cycle • Investor website providing easy access to relevant materials	Specific matters on which the Board engaged with shareholders included: • Mitigation against the impact of COVID-19: the Directors discussed with certain shareholders the impact of COVID-19 on the financial position of the Group and agreed proposed actions to conserve cash and mitigate the impact on the trading result • Board appointments: feedback and input was provided by a major shareholder around the appointment of the Chief Executive Officer and Group Finance Director • Fundraising in February 2020: certain existing shareholders were consulted as to their appetite for participating in a fundraising, the outcome of which was equity funding raised of £1.34m (net of costs) • Dividends: in line with the Board's priority of conserving cash during this period of uncertainty, no dividends were paid or proposed in relation to the Period
Employees The Group employs staff with the necessary skills to drive the success of the business	Key interactions included: • Regular communication, guidance and feedback throughout the COVID-19 pandemic as to measures being taken to ensure a safe working environment, recommended working practices and the financial impact on the Group • Implementation of a regular feedback method through which employees can easily communicate any issues or concerns with management and offer improvement ideas • Town hall meetings will be held to enhance communications with employees and provide a further method for employees to connect with management	Specific matters discussed with the Group's employees included: • Safe working practices and attendance at the workplace which led to a number of changes to the workplace environment to ensure the safety of employees and those visiting our sites • Employee responses provided through the regular feedback helped focus the actions of management on specific areas in relation to ways of working and office practices

Our stakeholders	**Engagement**	**Principal decisions and outcomes**
Suppliers	Key interactions included: • Regular discussions and updates with suppliers in relation to the impact of COVID-19 and the short term funding position	Specific matters discussed with the Group's suppliers included: • The impact of COVID-19 disruption on forecast demand, capacity and cash flows, which led to some temporary extensions to payment terms and conditions designed to balance-out the issues and challenges in the vertical impact of schedule variability
Customers	Key interactions included: • Regular account management meetings with key customers • Monthly customer market demand reviews • Weekly schedule reviews • Monthly quality reviews • Weekly on-time-delivery reviews • Monthly Board reports against customer performance • Monthly new business and opportunity reviews	Specific matters discussed with the Group's customers included: • Customer feedback on future demand as a result of COVID-19 • Cost impact of any supplier changes leading to required price changes • Engineering changes to specific products requiring new price or tooling investment • New project discussions and new product opportunities • New business negotiations
Lenders The Group has access to debt finance through its banking relationships	Key interactions included: • Input into the Group's fund raising plans in February 2020 • Applying for and securing a Coronavirus Business Interruption Loan Scheme ('CBILS') loan for £1m • Performance review meetings throughout the year • Independent audit of the Group's compliance with the terms of the invoice discounting facility • Independent Business Review of the Group's financial position undertaken and now concluded by an independent audit firm, on behalf of the Group's lenders	Specific matters discussed with the Group's lenders included • The intention to raise £1.34m through a placing in February 2020 • The impact of COVID-19 on demand and short-term funding, which led to securing a CBILS loan of £1m in June 2020 • Future funding support required as the Group continues its turnaround activities and returns to cash generating levels. The lenders continue to be supportive of our position.

Further details

For further details of how the Board operates and the way in which it makes decisions are detailed in the Corporate Governance report on pages 15 to 22.

The Strategic Report on pages 2 to 10 was approved by the Board on 29 June 2021 and signed on its behalf by:

Michael Stock

Chief Executive and Group Finance Director

29 June 2021

Tricorn Group plc is the parent company of a group of specialist engineering subsidiaries whose activities incorporate high precision tube manipulation, systems engineering and specialist fittings.

Directors

The present membership of the Board is set out below.

Directors:

A B Moss
R Allsop
M J Stock (appointed 3 August 2020)
D E Leakey
P Lee (resigned on 3 August 2020)
M I Welburn (resigned 11 January 2021)

Company Secretary:

M C Greensmith

Executive Directors

Michael Stock
Chief Executive Officer and Group Finance Director
Joined Tricorn and appointed to the Board in August 2020 as Group Finance Director. Appointed as Chief Executive in January 2021. He joins Tricorn from Bromford Industries Limited, which manufactures precision components for the aerospace sector, where he was Chief Financial Officer for six years. Prior to that, he was Chief Financial Officer of LoneStar Group Limited, a manufacturer and distributor of speciality fasteners and gaskets to the oil & gas, power generation and petrochemical industries.

David Leakey
Group Sales and Operations Director
Joined Tricorn and appointed to the Board as Group Sales Director in June 2011 and appointed as Operations Director in January 2021. He had previously spent 27 years working at Norgren Ltd, the Motion and Fluid Controls division of IMI Plc. He has most recently held the role of Global Sales Director in the Energy Sector, with responsibility for the global business development of the company’s products into the oil and gas markets. David has also held the position of Sales Director in Norgren’s Life Sciences and Automotive Sectors.

Non-Executive Directors

Andrew Moss
Non-Executive Chairman
Appointed as Non-Executive Director in November 2014 and Chairman in December 2014. Member of the Audit, Remuneration and Nomination Committees. He has over 30 years' experience in international engineering groups specialising in aviation, automotive and power electronics products, and advanced composite materials. He spent 13 years with Umeco Plc, five years of which was as a main Board Director, resulting in his appointment as Chief Executive in 2011. Prior to this he was with BTR/Invensys Plc managing a number of international manufacturing businesses.

Roger Allsop
Non-Executive Director
Purchased Malvern Tubular Components in 1984 and was Chief Executive of Tricorn up to 2002 after which he became a Non-Executive Director. Chairman of the Audit, Nomination and Remuneration Committees. He was previously managing director of Westwood Dawes plc and a non-executive director of Netcall plc.

Share capital

Details of the Company's share capital, are given in note 25 to the financial statements. The Group's policy for managing capital and financing to support the activities of the Group is detailed in note 24 to the financial statements.

Substantial shareholdings

The only interests in excess of 3% of the issued share capital of the Company, which have been notified as at 25 June 2021 being the latest practicable date before publication, were as follows:

	Ordinary shares of 10 pence each Number	Percentage of capital %
R Allsop	16,847,857	34.23
Hsbc Global Custody Nominee (Uk) Limited	8,109,350	16.48
Rock (Nominees) Limited	3,421,841	6.95
Cheviot Capital (Nominees) LTD	1,744,642	3.54
Lynchwood Nominees Limited	1,605,000	3.26
FNZ Wealth Nominees Limited	1,581,657	3.21

Business review and principal risks and uncertainties

A review of the Group's trading operations and principal risks and uncertainties is contained in the Strategic Report on page 2.

Employment policies

Management places significant emphasis on training and developing its employees. In addition, management encourages self-development which in turn aids succession planning, supporting the strategic growth of the Group.

Employees are kept up to date with management policies and their respective duties. Management emphasise the importance of good communication and relations with all employees throughout the Group.

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Employees are given equal opportunities for career development and promotion.

Management additionally take a proactive approach to the welfare of the Group's employees and the strong commitment to health and safety is cascaded down to all levels of the business by senior management.

Health and safety

The Group recognises its responsibility to ensure that its employees work in as safe a working environment as possible. Checks are also implemented to ensure its clients comply with Health and Safety legislation.

Financial risks and management

The Group's principal financial instruments comprise an invoice discounting facility, short term borrowings, hire purchase and finance lease contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, commodity price risk, foreign currency risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The policy of the Group is to manage its interest cost using a mix of fixed and variable rate debt. The Group's exposure to interest rate fluctuations on its borrowings is currently managed by the use of floating facilities. The Group finances specific large plant acquisitions via hire purchase or finance lease contracts. The interest rate risk on positive cash balances is not considered to be significant.

Financial risks and management (continued)

Liquidity risk
See risk as discussed within the principal risks and uncertainties on page 7.

Commodity price risk
The exposure of the Group to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk and opportunities to reduce material costs are explored constantly. The Group has partly responded to this risk by sourcing materials in low cost countries. The Group also look to recharge any increased cost of commodities to customers.

Foreign currency risk
Certain purchases and sales are made in foreign currencies. In order to minimise the impact of currency movements the Group utilise short term forward currency contracts. Such cover is determined by written policies set by the Board. Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the Group profit or loss.

Credit risk
The Group trades with only recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to comprehensive credit vetting procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Going concern

In determining whether the financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The Directors prepared cash flow forecasts for 24 months from the period end which considered the financial position of the Group, forecasts, cash flows and borrowing facilities.

The Board regularly reviews revenue, profitability and cash flow forecasts. A number of downside sensitised scenarios have been modelled, the assumptions behind which were challenged. The Board compares actual performance against budgets and forecasts and reviews variances to continually refine and improve forecasting ability from which to make effective decisions.

COVID-19, combined with margin pressures due to supply chain disruptions, increased pricing and tariffs imposed on goods from China, resulted in the Group being loss making in the Period, before the write-offs incurred due to the performance review as discussed in the Chief Executive and Group Finance Director's statement. The Group raised equity funding of £1.34m (net of costs) in February 2020 and secured £1m support from its bank through the government backed loan schemes. $0.7m was obtained from the USA Payroll Protection Program ('PPP'), which has subsequently been forgiven and in addition, a further $0.7m was received in April 2021 from the USA PPP, for which the Group will be applying for this loan to also be forgiven.

The Group has certain borrowing facilities as set out in note 21. Of these facilities, £2.6m are repayable on demand and should this amount be recalled by the bank the Group does not have sufficient liquid resources to make repayment. In light of this, and the Group's performance in the Period, an Independent Business Review ('IBR') has been undertaken on behalf of the Group's bankers, HSBC Bank plc, by an independent audit firm. The Group's results and forecasts have been reviewed in detail by the audit firm, their report has been sent to HSBC and the IBR has now concluded. HSBC continues to remain supportive of the Group during this time; credit approval to increase the Group's invoice discounting facility by 10% on completion of a successful facility audit has been received and the bank continue to provide the Group's facilities on the same terms as those in the prior period.

The Group is now very focused on its turnaround strategy and has prepared trading forecasts for the five year period. These take into account improved customer demand following recovery from COVID-19, diversification of products and customers, appropriate price increases and supply chain efficiencies. However, substantial investment is needed in both capital expenditure and people during the next 12-18 months and the Group's borrowing facilities alone do not provide the Group with the necessary cash to make the required investment, deliver the strategy and return the Group to profitability and cash generative activity levels. There are a number of options available to the Group to achieve the additional funding required. While the directors consider it unlikely that further funding would not be secured, they acknowledge at the date of approval of the financial statements the requirement for further funding over and above the existing facilities and the requirement for ongoing support from their bankers not to recall facilities repayable on demand present material uncertainties which may cast significant doubt about the Company's and Group's ability to continue as a going concern.

Directors' responsibility statement

The Directors are responsible for preparing the Strategic Report, the Report of the Directors' the Group's Financial Statements and the Company only 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 to prepare the Group financial statements in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 (IFRS) and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 ' Reduced Disclosure Framework'). Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Company for that period. In preparing these Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

Notwithstanding the matters explained in the Chairman's statement the directors have responded to implement more enhanced reporting and robust procedures in respect of internal control and maintenance of accounting records in order to fulfil their responsibilities going forward.

The Directors confirm that:

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

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

Forward-looking statements

This report may contain certain statements about the future outlook for Tricorn. Although the Directors believe their expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

On behalf of the Board

M J Stock
Director
Date: 29 June 2021

Corporate Governance Statement

The Company follows the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

The QCA Code follows ten basic principles. Through a set of disclosures on their website and in their annual report, companies are required to provide an explanation of how they consider they are meeting those principles.

Following the appointment of Michael Stock as Group Finance Director on 3 August 2020 a new, stronger and more experienced finance team was hired. Under his leadership, this new team conducted an internal review of the performance of the Group and various matters came to light in the preparation of the Group's financial statements for the Period. These were announced on 16 November 2020 with further updates being made in December 2020 and January 2021. Further details on these matters are provided in the Chief Executive and Group Finance Director's Report. The breakdown in the control and oversight of the finance function during the period is extremely disappointing. Further details and responses by the Board and management are disclosed in the Audit Committee report. Despite significant work being done by the new finance team the legacy issues have resulted in the auditor disclaiming their opinion on the financial statements of the Group and Company for the Period as it has not been possible to fully reconstruct the historic accounting records.

Given the breakdown in internal control discussed above, the Company has been unable to comply with the ten principles of the QCA Code in the current period. The Board is committed to ensuring that Corporate Governance standards within the Company are improved with the aim to move to full compliance in due course.

Details in relation to the Company's approach to corporate governance are found in this statement, together with the Committee reports that follow.

The QCA Code

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders

Tricorn's strategy is explained on the Group's website, www.tricorn.uk.com.

The Group looks to create value for its stakeholders by focusing on its areas of expertise and being the best at what it does. At the same time the Group aims to be recognised as the 'best in class' tube solutions provider. To achieve this, the Group identifies Strategic Enablers and Growth Priorities. These are:-

- Strategic Enablers:-
  - Establishing a global manufacturing footprint
  - Leveraging the capabilities and know how across the Group
  - Maintaining financial disciplines
- Growth priorities:-
  - Focus on large blue-chip OEM customers
  - Capitalise on significant growth opportunities
  - Drive for operational excellence

At the same time the Group is aware that it faces risks and challenges to its business and these are detailed and addressed in the Company's Annual Report and Accounts.

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Group aims to deliver a balance to shareholders between capital and income growth, taking into account the Group's growth expectations over the medium term.

The Board encourages regular interaction and communication with both private and institutional shareholders and responds to shareholder queries in a timely manner. As well as hosting institutional shareholder visits to the Group's UK facilities, the Board ensures that it is available to present and discuss its interim and full year results on a one-to-one basis with shareholders.

The Group's AGM is seen by the Board as an excellent opportunity to communicate and present to shareholders at one of the Group's UK manufacturing facilities, where questions can generally be asked directly of Board members and queries addressed. However, this year that course will not be possible due to the need for the Company to comply with governmental guidelines given the continuing impact of the COVID-19 pandemic. For more detail concerning the Company's AGM this year please refer to the Explanatory Notes accompanying the AGM Notice.

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

The Group is committed to upholding its responsibilities to its stakeholders, both those internal to the organisation and external.

The Group's Annual Report and Accounts highlight the policies that it has in place in respect of its employees. The Group's employees are vital to its success and the Board regularly seeks their feedback and conducts surveys on all aspects of employment. Work councils are also held to encourage employee engagement.

The Group has a varied supplier and blue-chip customer base and works closely with both stakeholders to ensure that the appropriate feedback mechanisms are in place.

The community plays an important part in the success of our businesses and the Group makes sure that, where appropriate, it engages with the wider community on a regular basis. Examples include different parts of the Group holding open days and tours, when permissible, to engage with the community.

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

The Group discusses the risks to its business within its Annual Report and Accounts. Within the Annual Report, risks are identified with explanations outlining how the Group addresses them. Furthermore, in the Report of the Directors on the Group, those financial and non-financial risks that may impact upon the business are identified and then details the processes and procedures that are in place to mitigate them.

Regular review of performance and risk take place between the Executive Directors and senior management of the businesses, with more formal reviews taking place at least monthly. These reviews assess risks impacting, or which may impact, trading performance. As a result, each business carries out regular forecasting updates, which allow for ongoing performance monitoring and actions to be taken quickly to mitigate risk.

Principle 5 – Maintain the Board as a well functioning, balanced team led by the chair

The Board is responsible for leading and controlling the Group. The biographies of the members of the Board are set out in the Annual Report and Accounts. Andrew Moss as Chairman and Michael Stock as the Chief Executive Officer and Group Finance Director have responsibility for the day-to-day running of the Group, together with David Leakey in his capacity as Group Sales and Operations Director.

It is recognised, that the dual role held by Michael Stock poses challenges to segregation of duties. In response to this challenge, the board have recently recruited Amanda Larnder as Group Head of Finance to take full responsibility over all financial matters; including reporting and governance and all financial staffing issues. Additionally, day to day operations is headed up by David Leakey who has the responsibility for managing relationships with and performance to our customers as well as interaction with and assessment of our suppliers.

The Report provides further information on Directors' responsibilities. The Board is supplied with regular information with regards to the operational and financial performance of the Group. The Board currently comprises two Executive Directors and two Non-executive Directors and meets formally at least quarterly, which all Directors are required to attend, and additionally there are regular operational Board meetings at which performance and overall trading are reviewed in depth. Information relating to the meetings is circulated in advance by the Company Secretary and minutes of the meeting are produced as an accurate record.

The Board is supported by Audit, Remuneration and Nomination committees. There are specific matters which are reserved for the Board, which are available on the Group's website. In addition, the terms of reference for each of the committees can also be found on the Group's website.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Nomination Committee oversees the process of recruitment, where new appointments to the Board are necessary. Their recommendations are then put to the Board. The search for new appointees is conducted according to the relevant skills and experience that an individual can bring to the role. Appointments are made on merit against specific criteria giving due regard to the benefits of diversity.

The biographies of the Board of Directors, which are available both in the Annual Report and Accounts and also on the Group's website, provide details of the employment history of each of the Directors, and also their relevant experience as it relates to the Group.

The training and development needs of Board members are considered on an ongoing basis and are encouraged as a way of ensuring that each Board member has the appropriate experience and skills for the Group.

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

The Board carries out an evaluation of its performance annually. The KPIs of the Group are used to assess performance which aligns to shareholders' expectations.

Each Director is subject to a re-election process at the Group's AGM, with one Director being put forward for re-election each year.

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

The Group's Corporate Strategy sets the overriding framework under which the Group promotes a culture that maximises performance with regard to its employees, customers and suppliers, the environment and community.

The Directors lead by example and work with senior management to implement the processes and procedures within the Group's subsidiary businesses. Policies covering whistleblowing and anti-bribery are widely communicated and respected. Furthermore, each of the Group's businesses has developed specific employment manuals providing employees with up-to-date rules and regulations, health and safety criterion, as well as pay grades, progression and appraisal processes. Employees are also encouraged to consider and present opportunities for improvement within their area of work.

The Group aims to attract, employ and retain the highest calibre of employees. Each business looks to recruit apprentices, where opportunities present themselves, and each business currently employs apprentices in various disciplines. Communication with employees is seen as critical to the success of each of the Group's businesses, with regular briefings, newsletters, forums and open days proving successful.

The reward strategy of the Group aims to offer competitive pay and benefits. At the same time, employees have the opportunity to train and become competent in further disciplines to enhance their pay.

Health and Safety is of paramount importance to the Group and each employee is made aware of their obligations to maintain a safe workplace. All employees undergo appropriate training and are regularly assessed to ensure their continuing competence.

The Group is committed to lean principles in the manufacturing process. Such principles enable the Group to reduce its manufacturing waste, aim to lower carbon emissions and improve the utilisation of packaging materials to reduce the Group's impact on the environment. Other measures the Group employs include the safe disposal of waste through the manufacturing process and reducing energy consumption where possible.

The Group focuses on large blue-chip OEM customers and ensures that it works closely with its customers through all aspects of the relationship. The Group is keen to satisfy customer requirements through engineered solutions and high quality products, which lead to a positive customer relationship. The Group's suppliers are expected to have in place appropriate health and safety, environmental, labour and human rights standards that the Group itself is expected to adhere to. The Group has detailed terms and conditions which are issued to both customers and suppliers. This details the terms under which the Group is prepared to trade, including payment terms. Where it is important to the relationship, and in the best interests of the Group, specific agreements or long term contracts with customers and suppliers will be negotiated and entered into.

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

The Corporate Governance section of the Group's Annual Report and Accounts covers a number of points around the governance structure of the Group.

As previously indicated, the Board is supported by the Audit, Remuneration and Nomination committees, with terms of reference for each committee available on the Group's website

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board encourages regular interaction and communication with both private and institutional shareholders and responds to shareholder queries in a timely manner. As well as hosting institutional visits to the Group's UK facilities, when possible, the Board ensures that it is available to present and discuss its interim and full year results on a one-to-one basis with shareholders.

The Group's AGM is generally seen by the Board as an excellent opportunity to communicate and present to shareholders at one of the Group's UK manufacturing facilities, where questions can generally be asked directly of Board members and queries addressed. However, in the light of the UK Government's COVID-19 guidance, the 2021 AGM will be a closed meeting although investors are encouraged to communicate with the Board by using the e-mail address agm@tricorn.uk.com

The Audit Committee comprises:
- Roger Allsop, Chairman of the Committee, Independent Non-Executive Director
- Andrew Moss, Non-Executive Chairman

All of the Committee members are Independent Non-Executive Directors and have no personal or financial interests, other than as shareholders, in the matters considered by the Committee.

Role and operation of the Committee

The Audit Committee is responsible for ensuring that Tricorn maintains a strong control environment. It provides governance over the Group's financial reporting, including oversight and review of the systems of internal control and risk management and the performance of external audit functions.

The Committee is very disappointed and concerned by the breakdown of controls and lack of oversight of the finance function which, due to insufficient historic information, has led to the auditor disclaiming their opinion on the financial statements for the Group and Company for the Period. The actions of the Audit Committee have been discussed below.

A copy of the Committee's formal terms of reference, which are reviewed and approved annually, can be obtained from the Company Secretary or from the Corporate Governance section of the Company's website (www.tricorn.uk.com). The Executive Directors, other senior management and external auditors may attend meetings by invitation of the Committee members.

The Committee's principal duties are to:
- make recommendations to the Board on the appointment, re-appointment or removal of the external auditor and the amount of its remuneration;
- discuss and agree the scope of the audit and review the auditor's management letter and the Group's response;
- review half-year and annual financial statements and formal announcements relating to financial performance;
- review the adequacy and effectiveness of the Group's internal financial controls, and internal control and risk management systems;
- consider compliance with relevant laws and regulations;
- consider findings of internal investigations and management's response; and
- review the Committee's terms of reference and recommend any proposed changes to the Board for approval.

Considerations in 2020

During the Period the Committee considered the following matters:
- the suitability of the Group's accounting policies and practices;
- the half-year and period-end financial results;
- the scope and cost of the external audit;
- the auditor's report for 2019;
- the appointment of BDO LLP as the Group's external auditor;
- the review and approval of the external auditor's plan for 2020, which detailed the proposed audit scope and risk and governance assessment;
- the review and approval of the external auditor's fees for 2020; and
- the internal control environment across the Group.

Significant issues in relation to the financial statements

Given the challenging conditions faced during the Period, including the material control weaknesses and accounting errors identified, combined with the impact of COVID-19, the Committee focused its efforts on ensuring that the control environment is improved and is appropriate for the future of the Group.
The Committee, management and the external auditor considered and concluded on a number of significant matters in relation to the financial statements. Those matters are set out below:

Area of focus	**How the matter was addressed by the Audit Committee**
Disclaimer of audit opinion	Following the appointment of the Group Finance Director in August 2020, a performance review of the business was conducted. This identified numerous accounting errors which have been corrected as disclosed in the Chief Executive and Group Finance Director's statement as well as being previously announced to the market. In addition, certain accounting records relating to the period ending 30 September 2020 cannot be located. The external auditors have been unable to fully complete their audit in relation to the Period and have therefore not expressed an opinion on the financial statements of the Group and Company. The Committee and the Board have agreed to file the financial statements without an audit opinion in order to meet the legal filing deadline. The weaknesses in controls which led to the accounting errors are of significant concern to the Committee and the Committee has been working with the Directors and management to overhaul controls and significantly improve the control environment. The following improvement activities have been agreed and are in the process of being implemented: • Strengthening of the finance team by considering resource levels and hiring a more skilled and experienced team; • Ensuring an appropriately qualified management structure is in place, with clear lines of responsibility; • Review of existing systems and processes to ensure they are fit for purpose; • Review of internal controls by the new finance team with a continuous improvement and control update to be provided at each Committee meeting; • Improving controls around monthly reporting of performance, and against budget and forecast; • Automating detective controls as far as available within the systems environment; and • Ensuring central control over key areas such as cash and banking facilities, capital expenditure authorisation and contracts.
Going concern assessment	Due to COVID-19, the Group's underlying performance, and the control weaknesses and accounting errors identified, the Committee increased its focus on the short to medium term profit and cash forecasts prepared by management. The Committee discussed the forecasts with management and challenged the appropriateness of the assumptions made including the achievability of the business plans, the downside scenarios and the related cash flow forecasts. The Committee reviewed the Group's liquidity requirements and borrowing facilities and considered whether the going concern assessment is appropriate for the Group. Following this review the Committee and management agreed that a material uncertainty in the preparation of the financial statements on a going concern basis exists as the process for securing the future funding required is in its infancy and therefore the outcome is unknown, at the time of publishing this report.

Risk management

The Committee ensures that the Group's principal risks and uncertainties have been appropriately identified and assessed. It reviews those key risks and the quality of the assurance on the effectiveness of the controls that mitigate those risks, allowing it to conclude on the principal risks for disclosure in the Annual Report.

Governance

Following the control weaknesses discussed above and the challenging Period experienced by the Group, the Board is considering a new Independent Non-Executive Director to strengthen the Committee and bring additional Governance to the Group through increased support and challenge of management.

External audit

The Committee has responsibility to ensure that there is a sufficiently robust and effective external audit through considering the independence of the external auditor, the appointment and re-appointment of the external auditor and all reports from the external auditor. The Committee reviews and makes recommendations regarding the appointment of the external auditor. In making this recommendation, the Committee considers auditor effectiveness and independence, and any other factors which may impact upon the external auditor's re-appointment. After careful consideration, the Committee did not recommend the re-appointment of Grant Thornton UK LLP as auditor of the Group. The Committee recommended the appointment of BDO LLP as the preferred new auditor, which was approved at the 2019 Annual General Meeting.

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Group operates within a competitive environment, performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

In response to COVID-19 and the financial impact on the Group, the Non-Executive Directors agreed to take voluntary fee reductions during the period. Since the period end, the Non-Executive Directors have continued to receive a reduction in fees and the Executive Directors have also taken voluntary salary reductions to conserve cash.

Policy on executive directors' remuneration

Detail of individual Directors' remuneration is set out in note 5 to the financial statements. The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary and reflects the Directors' responsibilities. A separate Remuneration Committee chaired by R Allsop has been established comprising the non-executive Directors.

Basic annual salary

The Remuneration Committee reviews each Executive Director's basic salary annually. In deciding upon appropriate levels of remuneration the Board believes that the Group should offer levels of base pay reflecting individual responsibilities and which are commensurate with similar jobs in other business sectors.

Annual bonus payments, benefits and pension arrangements

M I Welburn, P Lee and D E Leakey participated in a performance related bonus arrangement through Tricorn Group plc. M I Welburn, M J Stock, P Lee and D E Leakey benefitted from the provision of private medical insurance, the provision of company cars or car allowance and are eligible to participate in a contributory pension scheme. R Allsop and A B Moss receive no bonus, pension or benefits in kind.

Notice periods

There are no Directors’ service contracts with notice periods in excess of one year. The notice periods for the Executive Directors and Non-Executive Directors are as follows:

	Type	Notice period
R Allsop	Letter of appointment	6 months
D E Leakey	Service agreement	3 months
P Lee*	Service agreement	6 months
A B Moss	Letter of appointment	1 month
M J Stock**	Letter of appointment	6 months
M I Welburn***	Service agreement	12 months

* Resigned from the Board 3 August 2020
** Appointed to the Board 3 August 2020
*** Resigned from the Board 11 January 2021

Share option incentives

The Company has adopted a number of individual unapproved and enterprise management incentive scheme share option agreements to motivate and retain key personnel of the Group. At 30 September 2020 the following options were held by the Directors:

	At beginning of period Number	Lapsed during the period Number	Granted during the period Number	Exercised during the period Number	**At end of financial period 2020 Number**	Exercise price £
Unapproved share options						
M J Stock*	-	-	1,000,000	-	**1,000,000**	0.10
M I Welburn**	361,844	361,844	-	-	**-**	0.10
M I Welburn	1,000,000	1,000,000	-	-	**-**	0.10
M I Welburn	-	-	3,767,331	-	**3,767,331**	0.10
D E Leakey	500,000	-	-	-	**500,000**	0.175
D E Leakey	500,000	-	-	-	**500,000**	0.10
D E Leakey	-	-	435,000		**435,000**	0.10
Enterprise management incentive scheme (EMI) options						
P Lee***	500,000	-	-	500,000	**-**	0.10
P Lee	921,000	921,000	-	-	**-**	0.10
M I Welburn	1,263,156	1,263,156	-	-	**-**	0.10

Unapproved share options

M I Welburn's unapproved share option was granted on 6 August 2020, over 3,767,331 shares. This scheme has vested and is in force for five years with an exercise price of 10p per share. Following his resignation, M I Welburn left the Company on 30 April 2021 and his share options have now lapsed.

D E Leakey has an unapproved option over 500,000 shares at 17.5p granted on 30 June 2015. A further option over 500,000 shares was granted on 4 April 2016 at an option price of 10p. Both options vest immediately and run for 10 years. An additional option over 435,000 shares was granted on 6 August 2020 at an exercise price of 10.0p and is in force for five years.

M J Stock's unapproved share option was granted on 6 August 2020 over 1,000,000 shares. The scheme has vested and is in force for five years with an exercise price of 10p per share.

* Appointed to the Board 3 August 2020
** Resigned from the Board 11 January 2021
*** Resigned from the Board and left the Company 3 August 2020

The exercise periods for share options were set by the Remuneration Committee in order to incentivise and retain key executives. All share disposals will be limited to one third of the option in any given year without prior Board approval. The market price of the Company's shares at 30 September 2020 was 8.50p (31 March 2019: 19.00p) and the range during the 18 month period was 7.25p to 19.50p (year ended 31 March 2019: 17.50p to 38.00p).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRICORN GROUP PLC

Disclaimer of Opinion

We were engaged to audit the financial statements of Tricorn Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 30 September 2020 which comprise consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity and the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the Group and Parent Company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Following changes in the finance team during the period and shortly after the period end it was identified that accounting records had not been accurately maintained during the period ended 30 September 2020. In addition, primary records to support various transactions cannot be located and, at the time of our report, the directors are in the process of attempting to obtain relevant copy information to substantiate the historic financial information. This process will not be completed before the legal obligation to file financial statements for the period ended 30 September 2020 and therefore the Directors have concluded that it is in the best interest of the Parent Company and shareholders to file these financial statements.

Therefore, we have been unable to confirm or verify by alternative means the existence, completeness or valuation of the assets and liabilities reported in the statement of financial position at 31 March 2019 or the nature and timing of material transactions that been recorded in the statement of comprehensive income for the period ended 30 September 2020. We have been able to carry out certain procedures to confirm the existence and valuation of the assets and liabilities included in the statement of financial position at 30 September 2020 but we have not been able to fully conclude this work as a result of the lack of available evidence. In addition, we have not been able to assess if the assets and liabilities at 30 September 2020 are complete given the inherent limitation on our work and the lack of evidence to support the transactions that have occurred during the period.

As a result of these matters, we are unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity and the consolidated statement of cash flows.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept, and
- returns adequate for our audit have not been received from branches not visited by us.

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:

- 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

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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and Parent Company's financial statements in accordance with International Standards on Auditing (UK) (ISAs (UK)) and to issue an auditor's report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Gareth Singleton
0CC53D18E436471...

Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
29 June 2021
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP INCOME STATEMENT

For the 18 month period ended 30 September 2020

	Note	18 month period ended 30 September 2020 £'000 Underlying	18 month period ended 30 September 2020 £'000 Non-underlying	18 month period ended 30 September 2020 £'000 Group	Year ended 31 March 2019 £'000 Underlying	Year ended 31 March 2019 £'000 Non-underlying	Year ended 31 March 2019 £'000 Group
Revenue	3	**25,371**	**-**	**25,371**	22,763	-	22,763
Cost of sales		**(17,723)**	**-**	**(17,723)**	(14,025)	-	(14,025)
Gross profit		**7,648**		**7,648**	8,738	-	8,738
Distribution costs		**(1,117)**	**-**	**(1,117)**	(1,022)	-	(1,022)
Administration costs							
- General administration costs		**(13,094)**	**-**	**(13,094)**	(6,701)	-	(6,701)
- Goodwill impairment	11	**-**	**(391)**	**(391)**			
- Intangible asset amortisation	12	**-**	**(73)**	**(73)**	-	(102)	(102)
- Rabun Gap start-up costs		**-**	**(115)**	**(115)**	-	-	-
- Share based payment charge	6	**-**	**(142)**	**(142)**	-	(36)	(36)
Total administration costs		**(13,094)**	**(721)**	**(13,815)**	(6,701)	(138)	(6,839)
Operating (loss)/profit	3,4	**(6,563)**	**(721)**	**(7,284)**	1,015	(138)	877
Share of profit from joint venture	14	**124**	**-**	**124**	282	-	282
Finance costs	8	**(497)**	**-**	**(497)**	(209)	-	(209)
(Loss)/profit before tax		**(6,936)**	**(721)**	**(7,657)**	1,088	(138)	950
Income tax credit/(charge)	9	**12**	**-**	**12**	(66)	-	(66)
(Loss)/profit after tax from continuing operations		**(6,924)**	**(721)**	**(7,645)**	1,022	(138)	884
Attributable to:							
Equity holders of the parent company		**(6,924)**	**(721)**	**(7,645)**	1,022	(138)	884
Earnings per share:							
Basic (loss)/earnings per share	10			**(18.81p)**			2.62p
Diluted (loss)/earnings per share	10			**(18.81p)**			2.39p

All of the activities of the Group are classed as continuing unless otherwise stated.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 18 month period ended 30 September 2020

	18 month period ended 30 September 2020 £'000	Year ended 31 March 2019 £'000
(Loss)/profit for the period/year	**(7,645)**	884
Other comprehensive income		
Items that will subsequently be reclassified to profit or loss		
Foreign exchange translation differences	**548**	125
Total comprehensive (loss)/income attributable to equity holders of the parent	**(7,097)**	1,009

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

For the 18 month period ended 30 September 2020

	Share Capital £'000	Share premium £'000	Merger reserve £'000	Trans-lation reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2018	**3,379**	**1,692**	**1,388**	**(111)**	**349**	**(431)**	**6,266**
Share based payment charge	-	-	-	-	36	-	36
Total transactions with owners	-	-	-	-	36	-	36
Total comprehensive income	-	-	-	125	-	884	1,009
Balance at 31 March 2019	**3,379**	**1,692**	**1,388**	**14**	**385**	**453**	**7,311**
Share based payment charge	-	-	-	-	142	-	142
Share option lapse	-	-	-	-	(202)	202	-
Issue of new shares	1,542	-	-	-	-	-	1,542
Cost of issue of new shares	-	-	-	-	-	(151)	(151)
Dividends paid	-	-	-	-	-	(69)	(69)
Total transactions with owners	1,542	-	-	-	(60)	(18)	1,464
Total comprehensive income	-	-	-	548	-	(7,645)	(7,097)
Balance at 30 September 2020	**4,921**	**1,692**	**1,388**	**562**	**325**	**(7,210)**	**1,678**

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	Note	30 September 2020 £'000	31 March 2019 £'000
Assets			
Non-current			
Goodwill	11	**-**	391
Intangible assets	12	**51**	401
Property, plant and equipment	13	**6,846**	4,668
Investment in joint venture	14	**1,104**	1,191
		8,001	6,651
Current			
Inventories	16	**1,828**	3,040
Trade and other receivables	17	**3,698**	4,854
Cash and cash equivalents	18	**665**	493
Corporation tax		**-**	6
		6,191	8,393
Total assets		**14,192**	15,044
Liabilities			
Current			
Trade and other payables	20	**(3,753)**	(3,854)
Borrowings	21	**(4,987)**	(3,675)
Corporation tax		**(60)**	(70)
		(8,800)	(7,599)
Non-current			
Borrowings	21	**(3,696)**	(109)
Deferred tax	19	**(18)**	(25)
		(3,714)	(134)
Total liabilities		**(12,514)**	(7,733)
Net assets		**1,678**	7,311
Equity attributable to owners of the parent			
Share capital	25	**4,921**	3,379
Share premium account		**1,692**	1,692
Merger reserve		**1,388**	1,388
Translation reserve		**562**	14
Share based payment reserve		**325**	385
Profit and loss account		**(7,210)**	453
Total equity		**1,678**	7,311

The financial statements were approved by the Board of Directors on 29 June 2021 and were signed on its behalf by:

Michael Stock	Andrew Moss
Chief Executive and Group Finance Director	Chairman
Company number: 01999619	

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

For the 18 month period ended 30 September 2020

	Note	18 month period ended 30 September 2020 £'000	Year ended 31 March 2019 £'000
Cash flows from operating activities			
(Loss)/profit after taxation from continuing operations		**(7,645)**	884
Adjustment for:			
- Depreciation	4	**1,463**	575
- Goodwill impairment	4	**391**	-
- Loss on disposal of intangible asset	4	**286**	-
- Loss on fixed asset disposals	4	**389**	-
- Net finance costs in income statement	8	**497**	209
- Amortisation charge	4	**73**	102
- Share based payment charge	6	**142**	36
- Share of joint venture operating profit		**(124)**	(282)
- Taxation (credit)/charge recognised in income statement	9	**(12)**	66
- Decrease in trade and other receivables		**1,156**	128
- Decrease in trade payables and other payables		**(101)**	(462)
- Decrease/(increase) in inventories		**1,212**	(173)
- FX movement		**396**	106
Cash generated by operations		**(1,877)**	1,189
Interest paid		**(295)**	(246)
Income taxes received		**-**	-
Net cash (used in) / generated by operating activities		**(2,172)**	943
Cash flows from investing activities			
Purchase of plant and equipment		**(311)**	(723)
Proceeds from plant and equipment sales		**12**	-
Additions in intangible assets		**-**	(278)
Dividends received from investments		**303**	-
Net cash generated by / (used in) investing activities		**4**	(1,001)
Cash flows from financing activities			
Issue of ordinary share capital		**1,542**	-
Costs of issue of ordinary share capital		**(151)**	-
Dividends paid		**(69)**	-
Bank borrowings		**1,000**	-
Proceeds from overseas short term borrowing		**627**	304
Proceeds/(repayment) of UK short term borrowings		**262**	(361)
Payment of finance lease liabilities		**(871)**	(84)
Net cash generated by / (used in) financing activities		**2,340**	(141)
Net increase/(decrease) in cash and cash equivalents		**172**	(199)
Cash and cash equivalents at beginning of period/year		**493**	692
Cash and cash equivalents at end of period/year		**665**	493

The accompanying notes form an integral part of these financial statements.

1 GENERAL INFORMATION

Tricorn Group plc and subsidiaries' (the 'Group') principal activities comprise high precision tube manipulation and systems engineering.

The Group's customer base includes major blue chip companies with world-wide activities in key market sectors, including Power Generation, Oil & Gas, Off Highway, Commercial Vehicles, Agriculture and Automotive.

As a result of the impact of COVID-19, the Group's accounting reference date has been extended in the period from 31 March to 30 September. As such the current accounting period covers the 18 month period ended 30 September 2020. The prior year reflects the 12 month period to 31 March 2019.

Tricorn Group plc is the Group's ultimate parent Company. It is incorporated and domiciled in the United Kingdom. The address of Tricorn Group plc's registered office, which is also its principal place of business, is Spring Lane, Malvern Link, Malvern, Worcestershire, WR14 1DA. Tricorn Group plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The consolidated financial statements have been approved for issue by the Board of Directors on 29 June 2021. Amendments to the financial statements are not permitted after they have been approved.

2 ACCOUNTING POLICIES

Basis of preparation

This financial information has been prepared under the required measurement bases specified under International Financial Reporting Standards (IFRS) and in accordance with applicable IFRS in conformity with the requirements of the Companies Act 2006 and IFRS as issued by the International Accounting Standards Board.

The Group distinguishes between underlying and non-underlying items in its Consolidated Income Statement. Non-underlying items are material items which arise from unusual non-recurring or non-trading events. They are disclosed on the face of the Consolidated Income Statement where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. Non-underlying items comprise exceptional costs of Group restructuring, intangible assets amortisation and share based payment charges.

Going concern

In determining whether the financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The Directors prepared cash flow forecasts for 24 months from the period end which considered the financial position of the Group, forecasts, cash flows and borrowing facilities.

The Board regularly reviews revenue, profitability and cash flow forecasts. A number of downside sensitised scenarios have been modelled, the assumptions behind which were challenged. The Board compares actual performance against budgets and forecasts and reviews variances to continually refine and improve forecasting ability from which to make effective decisions.

COVID-19, combined with margin pressures due to supply chain disruptions, increased pricing and tariffs imposed on goods from China, resulted in the Group being loss making in the Period, before the write-offs incurred due to the performance review as discussed in the Chief Executive and Group Finance Director's statement. The Group raised equity funding of £1.34m (net of costs) in February 2020 and secured £1m support from its bank through the government backed loan schemes. $0.7m was obtained from the USA Payroll Protection Program ('PPP'), which has subsequently been forgiven and in addition, a further $0.7m was received in April 2021 from the USA PPP, for which the Group will be applying for this loan to also be forgiven.

The Group has certain borrowing facilities as set out in note 21. Of these facilities, £2.6m are repayable on demand and should this amount be recalled by the bank the Group does not have sufficient liquid resources to make repayment. In light of this, and the Group's performance in the Period, an Independent Business Review ('IBR') has been undertaken on behalf of the Group's bankers, HSBC Bank plc, by an independent audit firm. The Group's results and forecasts have been reviewed in detail by the audit firm, their report has been sent to HSBC and the IBR has now concluded. HSBC continues to remain supportive of the Group during this time; credit approval to increase the Group's invoice discounting facility by 10% on completion of a successful facility audit has been received and the bank continue to provide the Group's facilities on the same terms as those in the prior period.

2 ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The Group is now very focused on its turnaround strategy and has prepared trading forecasts for the five year period. These take into account improved customer demand following recovery from COVID-19, diversification of products and customers, appropriate price increases and supply chain efficiencies. However, substantial investment is needed in both capital expenditure and people during the next 12-18 months and the Group's borrowing facilities alone do not provide the Group with the necessary cash to make the required investment, deliver the strategy and return the Group to profitability and cash generative activity levels. There are a number of options available to the Group to achieve the additional funding required. While the directors consider it unlikely that further funding would not be secured, they acknowledge at the date of approval of the financial statements the requirement for further funding over and above the existing facilities and the requirement for ongoing support from their bankers not to recall facilities repayable on demand present material uncertainties which may cast significant doubt about the Company's and Group's ability to continue as a going concern.

Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting estimates and assumptions are consistent with the Group's latest approved budget forecast where applicable. Judgements are based on the information available at each reporting date. All estimates are based on the best information available to management.

The Group presents separately underlying and other items in the income statement in order to provide a more transparent view of underlying performance and trends. The Directors consider that the underlying income statement is a more appropriate reflection of the Group's performance.

Where the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period shall not exceed one year from the acquisition date.

Adoption of new standards

The Group has adopted IFRS 16 Leases and has introduced a single, on-balance sheet accounting model for lessees, eliminating the distinction between operating and finance leases. As a result, the Group has recognised £3.2m of right-of-use assets and corresponding lease liabilities on the date of initial application (1 April 2019). These are included within property, plant and equipment and loans and borrowings respectively in the consolidated statement of financial position.

The Group has now adopted IFRS 16 Leases under the modified retrospective approach. The adoption of IFRS 16 under the modified retrospective approach affects only the current reporting period and does not require restatement of the prior year i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The Group has applied the practical expedients permitted by IFRS 16 of not recognising right-of-use assets and liabilities for leases with less than 12 months of lease term remaining, and of applying a single discount rate to a portfolio of leases with reasonably similar characteristics on transition. The impact of transition to IFRS 16 is summarised below. These are the first financial statements of the Group to apply IFRS 16 leases.

2 ACCOUNTING POLICIES (CONTINUED)

Adoption of new standards (continued)

Table reconciling lease commitment on 31 March 2019 to lease liabilities on 1 April 2019:

	01-Apr-19
	£'000
Operating lease commitment on 31 March 2019	2,372
Short-term and low value leases	(14)
Extension and termination options	1,600
Effect of discounting	(765)
Lease liabilities recognised on 1 April 2019	3,193

The weighted average rate applied is 3.5% reflecting the incremental borrowing rate on 1 April 2019.

Significant accounting estimates and judgements

Certain estimates and judgements need to be made by the Directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgements are required at the reporting date regarding whether certain assets/ liabilities that are recorded at fair value which requires a number of estimates and assumptions to be made.

The major areas for estimation within the financial statements are as follows:

- Performance of impairment reviews to assess the carrying value of goodwill (see note 11).

  In valuing goodwill and intangible assets, management has made certain assumptions in terms of cash flows attributable to cash generating units to which goodwill and intangibles have been allocated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of the future cash flows. As disclosed in note 11 the goodwill was fully impaired in the year, given the forecast cashflows for the foreseeable future reasonable changes in discount rate and growth rate would not change the conclusion that the goodwill has been fully impaired.

- Estimates of inventory recoverability. Management review ageing of inventory, movement levels throughout the period and forecast future usage levels to set an adequate inventory provision to cover obsolete inventory lines. Management also calculate a general stock provision over slow moving stock based on last usage dates. Stock that has not been used for over two years is provided for in full and stock that has not been used for more than one year, but has been used within the last two years, is provided for at fifty percent. Factors that could impact estimated demand and selling prices are the timing and success of technological developments, competitor actions, supplier prices and economic trends. The carrying value of gross stock, before the stock provision, at the period end was £2,948,000 (31 March 2019: £3,646,000).

- In July 2016, the Group increased its holding and now holds a 63% share in a joint venture in China, Minguang-Tricorn Tubular Products Nanjing Limited. The Group accounts for the joint venture under the equity accounting method rather than full consolidation, on the basis that no one party to the venture has sole authority for decisions reserved for the Board, as detailed in note 14.

2 ACCOUNTING POLICIES (CONTINUED)

Consolidation and investments in subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 September 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The consolidated financial statements of the Group incorporate the financial statements of the parent Company as well as those entities controlled by the Group by full consolidation.

Acquired subsidiaries are subject to application of the acquisition method. This involves the valuation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Consolidated Statement of Financial Position at their fair value, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of fair value consideration over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are expensed as incurred.

If the fair value of identifiable net assets exceeds the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investments in joint ventures

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in joint ventures are accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The investment in the joint venture is initially recognised at cost. When the investor has previously held an investment in the joint venture, accounted for in line with the above policy, the deemed cost of the investment in the joint venture is the fair value of the original investment at the date that joint control is achieved plus the consideration paid for the additional stake. Any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities, is included in the carrying amount of the investment and represents either positive or negative goodwill.

Business combinations completed prior to date of transition to IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition to IFRS, 1 April 2006. Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

2 ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Group's material revenue stream is in respect of the sale of tubular components. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, excluding VAT and trade discounts. Revenue is recognised upon the transfer of control to the customer.

When determining whether to recognise revenue, the Group adopts the five step process proposed by IFRS 15. The Group contracts with customers to deliver specific parts according to specific delivery schedules, sales prices are fixed, discounts are not offered, amounts are not refundable once received and there are no ongoing performance obligations. Therefore, the Group recognises revenue once delivery has occurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost of work in progress and finished goods includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Provisions are made against inventories where there is evidence that the carrying amount has fallen below recoverable amount.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately through profit or loss and is not subsequently reversed.

Impairment

The Group's goodwill, intangible assets and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Goodwill with an indefinite useful life is tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill.

Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

If the impairment is subsequently reversed, the carrying amount, except in the case of goodwill, is increased to the revised estimate of its recoverable amount, limited to the carrying value that would have been determined had no impairment been recognised previously. Impairment losses in respect of goodwill are not subsequently reversed.

Intangible assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the Group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complementary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

2 ACCOUNTING POLICIES (CONTINUED)

Other intangible assets

Product development costs
Expenditure on the research phase of projects to develop new customised products for customers is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Group intends to and has sufficient resources to complete the project;
- the Group has the ability to use or sell the product; and
- the product will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on product development along with an appropriate portion of relevant overheads.

Intangible amortisation

Intangible assets are amortised over the following periods:

Brand names	15 years
Customer contracts	5 years
Product development costs	3 years

Foreign currencies

These financial statements are presented in UK Sterling which is the functional currency of the parent and the presentational currency of the Group.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Exchange differences are dealt with through profit or loss.

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets, after adjusting for their residual values, on a straight line basis over the estimated useful economic life of each asset. The useful lives of property, plant and equipment can be summarised as follows:

Buildings	3 to 40 years
Plant and equipment	3 to 17 years
Motor vehicles	4 years

Leases

Year ending 31 March 2019
Until 31 March 2019, leases of property, plant and equipment were classified as either finance leases or operating leases.

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset and is then disclosed and accounted for as a finance lease asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

2 ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Subsequent accounting for assets held under hire purchase and finance lease agreements, i.e. depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding hire purchase and finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the hire purchase and finance lease liability.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group does not act as a lessor.

18 months period ended 30 September 2020
From 1 April 2019, under IFRS 16, leases are recognised as right-of-use assets, presented as a separate category in the statement of financial positions m and with a corresponding liability from the date at which the leased asset is available for use by the company.

The Group recognises a right-of-use asset and a corresponding lease liability for all lease agreements in which it is the lessee (with the exception of short-term and low value leases as defined in IFRS 16 which are recognised as an operating expense on a straight-line basis over the term). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The right-of-use asset recognised initially is the amount of the lease liability, adjusted for any lease payments and lease incentives made before the commencement date, in accordance with IFRS 16.24.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the financial period.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with the initial recognition of goodwill on acquisitions. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be accounting policies carried forward as well as other income tax credits available to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to other comprehensive income.

Employee benefits

Defined contribution pension scheme
Pensions to employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

2 ACCOUNTING POLICIES (CONTINUED)

Other employee benefits
Short-term employee benefits, including holiday entitlement are included in other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Financial instruments

IFRS 9 Financial instruments requires the classification of financial instruments into different types for which the accounting requirement is different. The Group has classified its financial instruments as follows:

- short-term fixed deposits, principally comprising funds held with banks and other financial institutions;
- trade and other receivables are held at amortised cost;
- trade and other payables are held at amortised cost;
- borrowings are classified as other liabilities held at amortised cost.

Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification:

- loans and receivables and other liabilities are held at amortised cost; and
- instruments that are held for trading are held at fair value.

Changes in fair value are included in the income statement.

Trade & other receivables

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and overdrafts as well as short term highly liquid investments such as bank deposits.

Equity

Share capital is determined using the nominal value of shares that have been issued. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. When the Company purchases its own shares, the consideration is deductible from equity attributable to the Company's equity holders until the shares are either cancelled or reissued. When this happens, any consideration received is included in equity attributable to equity holders. Treasury shares are held at cost.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking when the Company has taken advantage of merger relief. All current and prior period results are taken to the income statement.

Share based employee remuneration

All share-based payment arrangements are recognised in the consolidated financial statements. The Group operates equity-settled share-based remuneration plans for remuneration of its employees. All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the profit or loss with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

2 ACCOUNTING POLICIES (CONTINUED)

Share based employee remuneration (continued)

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. Share based charges for employees who leave the Group and whose options lapse, are written back to the profit and loss reserve.

Provisions for liabilities

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be reliably estimated. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at reporting date and all future estimated cash flows are discounted to arrive at the present value of the provision.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective rate of interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3 SEGMENTAL REPORTING

The Group has carried out a review of its organisational structure and concluded that segmental results will now be reported on a geographic basis as follows:-

- UK - Comprising all UK based trading divisions
- US - Comprising all North America based trading divisions
- The joint venture in China will continue to be reported separately

18 month period ended 30 September 2020	UK £'000	US £'000	China £'000	Unallocated £'000	**Total £'000**
Revenue					
- from external customers	15,041	10,330	-	-	**25,371**
- from other segments	222	2	-	(224)	**-**
Segment revenues	**15,263**	**10,332**	**-**	**(224)**	**25,371**
Underlying operating loss*	(4,013)	(2,053)	-	(497)	**(6,563)**
Goodwill impairment	-	-	-	(391)	**(391)**
Intangible asset amortisation	(25)	-	-	(48)	**(73)**
Rabun Gap start-up costs	-	(115)	-	-	**(115)**
Share based payment charge	-	-	-	(142)	**(142)**
Operating loss	**(4,038)**	**(2,168)**	**-**	**(1,078)**	**(7,284)**
Share of profit from joint venture	-	-	124	-	**124**
Net finance costs	(271)	(172)	-	(54)	**(497)**
Loss before tax	**(4,309)**	**(2,340)**	**124**	**(1,132)**	**(7,657)**
Other segment information:					
Segmental assets (current)	5,112	2,304	-	(1,225)	**6,191**
Segmental assets (non-current)	5,453	2,509	-	39	**8,001**
Total Assets	**10,565**	**4,813**	**-**	**(1,186)**	**14,192**
Capital expenditure	294	444	-	52	**790**
Depreciation	907	543	-	13	**1,463**

*- Before goodwill impairment, intangible asset amortisation, Rabun Gap start-up costs and share based payment charges

The Group's revenue from external customers (by destination) may be summarised as follows:

	18 month period ended 30 September 2020 £'000
United Kingdom	**11,890**
Europe	**877**
Americas	**11,648**
Rest of World	**956**
	25,371

During the 18 months ended 30 September 2020, there were three (31 March 2019: three) customers which accounted for more than 10% of total revenue. Customer A accounted for £10.1m (31 March 2019: £7.6m), Customer B accounted for £3.6m (31 March 2019: £2.9m) and Customer C accounted for £3.4m (31 March 2019: £3.5m)

3 SEGMENTAL REPORTING (CONTINUED)

Year ended 31 March 2019	UK £'000	US £'000	China	Unallocated £'000	Total £'000
Revenue					
- from external customers	14,022	8,741	-	-	22,763
- from other segments	59	-	-	(59)	-
Segment revenues	14,081	8,741	-	(59)	22,763
Underlying operating profit/(loss)*	1,035	155	-	(175)	1,015
Intangible asset amortisation	(56)	-	-	(46)	(102)
Share based payment charge	-	-	-	(36)	(36)
Operating profit/(loss)	979	155	-	(257)	877
Share of profit from joint venture	-	-	282	-	282
Net finance costs	(76)	(109)	-	(24)	(209)
Profit/(loss) before tax	903	46	282	(281)	950
Other segment information:					
Segmental assets (current)	10,272	3,198	-	(5,077)	8,393
Segmental assets (non-current)	4,288	2,973	-	(610)	6,651
Total Assets	14,560	6,171	-	(5,687)	15,044
Capital expenditure	457	291	-	-	748
Depreciation	360	215	-	-	575

*- Before intangible asset amortisation and share based payment charges

The Group's revenue from external customers (by destination) may be summarised as follows:

	Year ended 31 March 2019 £'000
United Kingdom	10,877
Europe	750
Americas	10,620
Rest of World	516
	22,763

Alternative Performance Measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide depth and understanding to the users of the financial statements to allow for further assessment of the underlying performance for the Group.

The Board considers that underlying operating profit/loss is the most appropriate measure which the users of the financial statements can assess the ongoing performance of the group. Operating profit/loss is a defined IFRS measure which the Group adjusts to remove items which are non-recurring or are not cash expenses in nature.

The adjustments made to operating profit are to add back goodwill impairment and Rabun Gap start-up costs as they are non-trading one-off events, and intangible asset amortisation and share based payment charges as they are not cash related items.

4 (LOSS)/PROFIT BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	18 month period ended 30 September 2020 £'000	Year ended 31 March 2019 £'000
Auditors' remuneration:		
Audit of parent company	**74**	14
Audit of subsidiaries	**-**	46
Total audit	**74**	60
Non-audit services :		
Corporate taxation	**12**	12
R&D claims	**-**	3
Total non-audit services	**12**	15
Total fees	**86**	75
Other:		
Government job retention scheme income	(571)	-
Other government assistance and grants	(19)	-
Loss on fixed asset disposal	389	-
Goodwill impairment	391	-
Intangible assets	73	102
Write off of intangibles	286	-
Property, plant and equipment - owned	825	546
Property, plant and equipment - leased	638	29

5 DIRECTORS' EMOLUMENTS

				18 month period ended 30 September 2020					Year ended 31 March 2019
	Basic £'000	**Benefits in kind £'000**	**Pension £'000**	**Total £'000**	Basic £'000	Bonus £'000	Benefits in kind £'000	Pension £'000	Total £'000
A B Moss	**53**	**-**	**-**	**53**	40	-	-	-	40
R Allsop	**20**	**-**	**-**	**20**	15	-	-	-	15
M J Stock*	**34**	**-**	**2**	**36**	-	-	-	-	-
M I Welburn* (resigned 11 January 2021)	**236**	**36**	**16**	**288**	154	15	24	10	203
P Lee* (resigned 6 August 2020)	**200**	**31**	**15**	**246**	144	14	21	10	189
D E Leakey*	**201**	**4**	**7**	**212**	116	12	10	8	146
	744	**71**	**40**	**855**	469	41	55	28	593

* The Executive Directors are classified as the key management personnel of the Group as defined in IAS 24 Related Party Disclosures.

Employers National Insurance Contributions made relating to Directors' emoluments were £0.1m during the 18 month period ended 30 September 2020 (31 March 2019: £0.1m).In response to COVID-19 and the financial impact on the Group, the Non-Executive Directors agreed to take voluntary fee reductions during the period. Since the period end, the Non-Executive Directors have continued to receive a reduction in fees and the Executive Directors have also taken voluntary salary reductions to conserve cash.

5 DIRECTORS EMOLUMENTS (CONTINUED)

Share-based payment charge by Director (note 6)

	18 month period ended 30 September 2020 £'000	Year ended 31 March 2019 £'000
M J Stock*	**21**	-
M I Welburn*	**79**	-
P Lee*	**-**	-
D E Leakey*	**20**	7
	120	7

6 EMPLOYEES COSTS

The average number of persons (including Directors) employed by the group during the period/year was:	**18 month period ended 30 September 2020 Number**	Year ended 31 March 2019 Number
Production	**203**	248
Sales, distribution and administration	**56**	56
	259	304

Staff costs during the period/year were as follows:	**18 month period ended 30 September 2020 £000**	Year ended 31 March 2019 £000
Wages and salaries	**10.219**	7,689
Social security costs	**805**	656
Other pension costs	**161**	110
Share based payment charge	**142**	36
	11,327	8,491

7 SHARE BASED EMPLOYEE REMUNERATION

There are two share based remuneration schemes in operation:

- Approved Enterprise Management Incentive (EMI) scheme
- Unapproved share options.

	At 31 March 2019 No. of shares	Granted in 18 month period No. of shares	Exercised in 18 month period No. of shares	Lapsed in 18 month period No. of shares	At 30 September 2020 No. of shares	Exercise price Pence	Life remaining on options at 30 September 2020 Months
Enterprise Management Incentive (EMI) Scheme							
Exercise date:							
March 2009 - March 2019	500,000	-	500,000	-	-	10p	-
August 2010 - August 2020	2,184,156	-	-	2,184,156	-	10p	-
	2,684,156	-	500,00	2,184,156	-		

The weighted average exercise price of the EMI scheme at 30 September 2020 was nil (31 March 2019: 10p). Zero options were available for exercise at 30 September 2020 (31 March 2019: 2,499,956).

	At 31 March 2019 No. of shares	Granted in 18 month period No. of shares	Exercised in 18 month period No. of shares	Lapsed in 18 month period No. of shares	At 30 September 2020 No. of shares	Exercise price Pence	Life remaining on options at 30 September 2020 Months
Unapproved share options							
Exercise date:							
September 2010 – September 2020	1,000,000	-	-	1,000,000	-	10p	-
September 2010 – September 2020	361,844	-	-	361,844	-	10p	-
June 2015 – June 2025	500,000	-	-	-	500,000	17.5p	57
March 2015 – March 2025	250,000	-	-	250,000	-	17p	-
April 2016 – April 2026	600,000	-	-	-	600,000	10p	66
January 2018 – January 2028	650,000	-	-	250,000	400,000	21.5p	87
August 2020-August 2025	-	5,302,331	-	-	5,302,331	10p	58
	3,361,844	5,302,331	-	1,861,844	6,802,331		
Total share options	6,046,000	5,302,331	500,000	4,046,000	6,802,331		

The weighted average exercise price of the unapproved share options at 30 September 2020 was 11.23p (31 March 2019: 13.90p). 6,802,331 options were available for exercise at 30 September 2020 (31 March 2019: 3,361,844).

The market price of the Company's shares at 30 September 2020 was 8.50p (31 March 2019: 19.00p) and the range during the year was 7.25p to 19.50p (31 March 2019: 17.50p to 38.00p).

The unapproved option schemes have been valued by management using the Black Scholes valuation model. Key inputs into the model are expected share price volatility of 35%-60% and the expected risk free interest rates of 1.25%-2.33%.

In total at 30 September 2020 £142,000 (31 March 2019: £36,000) of share based employee remuneration expense has been included in the consolidated income statement. No liabilities were recognised due to share based transactions.

8 FINANCE INCOME AND EXPENSE

	18 month period ended 30 September 2020 £'000	Year ended 31 March 2019 £'000
Other income		-
Finance income	**-**	-
Invoice discounting interest	**273**	176
Bank Loan	**14**	-
Interest on short term borrowing	**22**	25
Interest on hire purchase agreements and finance leases	**188**	8
Finance expense	**497**	209

9 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax is based on the (loss)/profit for the financial period and represents:

	18 month period ended 30 September 2020 £'000	Year ended 31 March 2019 £'000
UK corporation tax	**-**	30
Overseas taxes	**-**	36
Adjustments in respect of prior years	**(5)**	-
Current tax charge for the period/year	**(5)**	66
Deferred taxation (note 19)	**(7)**	-
Tax on (loss)/profit on ordinary activities	**(12)**	66

The tax assessed is different to the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained as follows:

	18 month period ended 30 September 2020 £'000	Year ended 31 March 2019 £'000
(Loss)/profit on ordinary activities before tax	**(7,657)**	950
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**(1,455)**	181
Effect of:		
Movement in unprovided deferred tax asset	**1,369**	(96)
Expenses not deductible for tax purposes	**74**	-
Overseas tax charge	**-**	36
Deduction for R&D	**-**	(64)
Other differences	**-**	9
	(12)	66

At 30 September 2020 the Group had tax losses of approximately £5.0m (31 March 2019: £0.6m) to offset against future profits within the United Kingdom.

10 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the 18 month period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	Profit £'000	**30 September 2020 Weighted average number of shares Number '000**	**Earnings per share Pence**
Basic earnings per share	**(7,645)**	**40,640**	**(18.81)**
Dilutive shares		**-**	
Diluted earnings per share	**(7,645)**	**40,640**	**(18.81)**

	Profit £'000	31 March 2019 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	884	33,795	2.62
Dilutive shares		3,248	
Diluted earnings per share	884	37,043	2.39

The Directors consider that the following adjusted earnings per share calculation is a more appropriate reflection of the Group's performance.

	Profit £'000	**30 September 2020 Weighted average number of shares Number '000**	**Earnings per share Pence**
Basic earnings per share	**(7,645)**	**40,640**	**(18.81)**
Goodwill impairment	**391**		
Amortisation of intangible asset	**73**		
Rabun Gap start-up costs	**115**		
Share based payment charge	**142**		
Adjusted earnings per share	**(6,924)**	**40,640**	**(17.04)**
Dilutive shares		**-**	
Diluted adjusted earnings per share	**(6,924)**	**40,640**	**(17.04)**

	Profit £'000	31 March 2019 Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	884	33,795	2.62
Amortisation of intangible asset	102		
Share based payment charge	36		
Adjusted earnings per share	1,022	33,795	3.02
Dilutive shares		3,248	
Diluted adjusted earnings per share	1,022	37,043	2.76

11 GOODWILL

	Total £'000
Cost	
At 1 April 2019	391
Additions	**-**
At 30 September 2020	**391**
Impairment	
At 1 April 2019	-
Impairment	(391)
At 30 September 2020	**(391)**
Net book value	
At 1 April 2019	391
At 30 September 2020	**-**

Goodwill above relates to the following cash generating units:

	Date of acquisition	Original cost £'000
Maxpower Automotive Limited	June 2007	391

An impairment review was carried out at the period end based on the expected cash flows arising from trading activities relating to the cash generating unit of Maxpower Automotive Limited and following the review goodwill was fully impaired. The level of impairment is not affected by reasonable changes in assumptions used in the calculation.

12 INTANGIBLE ASSETS

	Product development costs £'000	Brand Names £'000	Customer contracts £'000	Total £'000
Cost				
At 1 April 2019	841	450	312	1,603
Additions	-	-	-	-
Foreign exchange revaluation	8	-	-	8
Disposals *	(285)	-	-	(285)
At 30 September 2020	564	450	312	1,326
Amortisation				
At 1 April 2019	(538)	(352)	(312)	(1,202)
Charge for the period	(26)	(47)	-	(73)
At 30 September 2020	(564)	(399)	(312)	(1,275)
Net book value				
At 31 March 2018	82	128	-	210
At 31 March 2019	303	98	-	401
At 30 September 2020	**-**	**51**	**-**	**51**

* This relates to a project which was abandoned during the year.

All intangible asset amortisation is included in the Group income statement under amortisation of intangibles as detailed on the face of the Group income statement.
The brand names have a remaining useful economic life of 4 years. The product development costs have, on average, a remaining useful economic life of 3 years.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Right-of-use assets £'000	Total £'000
Cost					
At 1 April 2018	1,497	9,005	43	-	10,545
Additions	2	746	-	-	748
Foreign exchange revaluation	115	55	-	-	170
	1,614	**9,806**	**43**	**-**	**11,463**
At 1 April 2019					
On adoption of IFRS 16 at 1 April 2019	-	-	-	3,193	3,193
Additions	111	314	-	682	1,107
Disposals	(85)	(4,588)	(37)	-	(4,710)
Foreign exchange revaluation	29	47	-	4	80
At 30 September 2020	**1,669**	**5,579**	**6**	**3,879**	**11,133**
Depreciation					
At 1 April 2018	157	6,020	43	-	6,220
Charge for the year	37	538	-	-	575
	194	**6,558**	**43**	**-**	**6,795**
At 1 April 2019					
Charge for the period	156	742	-	727	1,625
Disposal	(83)	(4,034)	(37)	-	(4,154)
Foreign exchange revaluation	3	20	-	(2)	21
At 30 September 2020	**270**	**3,286**	**6**	**725**	**4,287**
Net book value					
At 31 March 2018	1,340	2,985	-	-	4,325
At 31 March 2019	1,420	3,248	-	-	4,668
At 30 September 2020	**1,399**	**2,293**	**-**	**3,154**	**6,846**

Right-of-use assets

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
On adoption of IFRS 16 at 1 April 2019	3,002	157	34	3,193
Additions	243	220	11	474
Reclassifications	-	208	-	208
Disposals	-	-	-	-
Foreign exchange revaluation	4	-	-	4
At 30 September 2020	**3,249**	**585**	**45**	**3,879**
Depreciation				
On adoption of IFRS 16 at 1 April 2019	-	-	-	-
Reclassifications	-	69	-	69
Charge for the period	456	178	24	658
Disposal	-	-	-	-
Foreign exchange revaluation	(1)	(1)	-	(2)
At 30 September 2020	**455**	**246**	**24**	**725**
Net book value				
At 31 March 2019	-	-	-	-
At 30 September 2020	**2,794**	**339**	**21**	**3,154**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of property, plant and equipment at 31 March 2019 was £348,000 in respect of assets held under finance leases and hire purchase contracts. At September 2020 the Group had adopted IFRS 16 and all assets held under leases are shown as right-of-use assets.

The borrowings of the Group are secured by a floating and fixed charge over the assets of the Group.

14 INVESTMENT IN JOINT VENTURE

Details of the group's material joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal business activity	Country of incorporation	Proportion of ownership interest held by the group	
			30 September 2020	31 March 2019
Minguang-Tricorn Tubular Products Nanjing Limited	Manufacturer of large diameter tubular assemblies	People's Republic of China	**63%**	63%

In July 2013, the Group agreed terms for the formation of the joint venture above. In May 2016, the Group increased its shareholding from 51% to 63% via a contribution of plant, machinery and inventory into the joint venture. At this time the joint venture partner also made a contribution of cash into the joint venture. Minguang-Tricorn Tubular Products Nanjing Limited is still deemed to be a joint venture of the Group as the appointment of its Directors and the allocation of voting rights for key business decisions, require the unanimous approval of its venturers.

The investment in Minguang-Tricorn Tubular Products Nanjing Limited is accounted for using the equity method in accordance with IFRS 11. Summarised financial information for Minguang-Tricorn Tubular Products Nanjing Limited is set out below:

	30 September 2020	31 March 2019
	£'000	£'000
Non-current assets	**439**	458
Current assets (a)	**2,237**	1,739
Total assets	**2,676**	2,197
Current liabilities	**1,025**	486
Total liabilities	**1,025**	486
(a) Includes cash and cash equivalents	**326**	151

	30 September 2020	31 March 2019
	£'000	£'000
Revenue	**3,993**	2,767
Profit for the period/year	**197**	282
Depreciation	**(169)**	(91)

14 INVESTMENT IN JOINT VENTURE (CONTINUED)

A reconciliation of the above summarised financial information to the carrying amount of the investment in Minguang-Tricorn Tubular Products Nanjing Limited is set out below:

	30 September 2020 £'000	31 March 2019 £'000
Net Assets		
Brought forward at the beginning of the period/year	**1,751**	1,315
Total comprehensive profit	**197**	436
Dividends paid	**(508)**	-
Carried forward at the end of the 18 month period/year	**1,440**	1,751
Proportion of ownership interest held by the Group	**63%**	63%
Interest in joint venture	**907**	1,103
Foreign exchange gain on translation of investment	**133**	24
Goodwill	**64**	64
Carrying amount of the investment at the end of the financial period/year	**1,104**	1,191

Dividends totalling £303,000 were received from Minguang-Tricorn Tubular Products Nanjing Limited during the period (31 March 2019: £nil).

Minguang-Tricorn Tubular Products Nanjing Limited is a private company, therefore no quoted market prices are available for its shares.

15 SUBSIDIARIES

At 30 September 2020 the subsidiaries of the Group were as follows:

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
Tricorn UK Limited	United Kingdom	Ordinary	100	Manufacturer of tubular components
Hallco 348 Limited	United Kingdom	Ordinary	100	Non-trading
Maxpower Automotive Limited	United Kingdom	Ordinary	100	Non-trading
Maxpower Enterprise Management Consulting (Wuxi) Co., Ltd*	China	Ordinary	100	Non-trading
Franklin Tubular Products Inc	USA	Ordinary	100	Manufacturer of tubular assemblies and components to highway and heavy duty truck market
Robert Morton DG Limited	United Kingdom	Ordinary	100	Dormant
Malvern Tubular Components Limited (formerly Hallco 347 Limited)	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking

16 INVENTORIES

	30 September 2020 £'000	31 March 2019 £'000
Raw materials	1,072	2,024
Work in progress	385	423
Finished goods	371	593
	1,828	3,040

In the 18 month period ended 30 September 2020, a total of £12.6m of inventory (31 March 2019: £8.4m) was included in the income statement as an expense.

An amount of £1.1m (2019 - £0.6m) was provided for as at 30 September 2020

17 TRADE AND OTHER RECEIVABLES

	30 September 2020 £'000	31 March 2019 £'000
Trade receivables	**2,938**	3,998
Impairment of trade receivables	**(286)**	(26)
	2,652	3,972
Amounts owed by related parties	**744**	262
Other receivables	**16**	122
Prepayments	**286**	498
Total	**3,698**	4,854

At 30 September 2020, some of the unimpaired trade receivables are past their due date but all are considered recoverable. The age of financial assets past due but not impaired, is as follows:

	30 September 2020 £'000	31 March 2019 £'000
Not more than one month	**249**	183
Not more than two months	**155**	-
Not more than three months	**79**	5
More than three months	**118**	-
	601	188

Trade and other receivables are usually due within 30-90 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables as the amounts recognised represent a large number of receivables from various customers. This ageing excludes any amounts owed by related parties.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

For the 18 month period ended 30 September 2020, the Group has applied the simplified approach to provisioning for expected credit losses (ECL) prescribed by IFRS 9, which permits the use of the lifetime expected loss provisioning for all trade receivables. The provisions for impairment calculated under IAS 39 are not materially different and accordingly there are no transition adjustments to the prior year.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL expected credit loss. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group will also, using this and all other information available, make specific judgements about receivables which may need to be individually assessed for impairment. Where required these are marked as Credit Impaired amounts and detailed analysis undertaken to assess the amount likely to be recovered including consideration of the effect of credit enhancements.

18 CASH AND CASH EQUIVALENTS

	30 September 2020 £'000	31 March 2019 £'000
Cash and cash equivalents	**665**	493

Cash and cash equivalents consist of cash on hand and balances with banks only. At the 30 September 2020, £493,000 (31 March 2019: £452,000) of cash on hand and balances with banks were held by the subsidiary undertakings, however this balance is available for use by the Group.

19 DEFERRED TAXATION

The deferred tax included in the statement of financial position arose in the following areas:

	Assets 30 September 2020 £'000	Assets 31 March 2019 £'000	**Liabilities 30 September 2020 £'000**	Liabilities 31 March 2019 £'000
Intangible assets	**-**	-	**(11)**	(20)
Accelerated capital allowances	**-**	-	**(94)**	(174)
Short term timing differences	**25**	16	**-**	-
Losses	**-**	70	**-**	-
Share based payment	**62**	83	**-**	-
	87	169	**(105)**	(194)

The movement in the deferred taxation account during the 18 month period was:

	Assets 30 September 2020 £'000	Assets 31 March 2019 £'000	**Liabilities 30 September 2020 £'000**	Liabilities 31 March 2019 £'000
Balance brought forward	**169**	68	**(194)**	(184)
Group income statement movement arising during the period/year	**(82)**	101	**89**	(10)
Balance carried forward	**87**	169	**(105)**	(194)

As at 30 September 2020 the Group has unprovided deferred tax assets as follows:

	Unprovided 30 September 2020 £'000	Unprovided 31 March 2019 £'000
Trading losses	**1,939**	558

20 TRADE AND OTHER PAYABLES

	30 September 2020 £'000	31 March 2019 £'000
Trade and other payables	**1,381**	2,889
Amounts owed by related parties	**755**	227
Other taxation and social security	**594**	427
Accruals	**1,023**	311
	3,753	3,854

Due to the short term duration of trade and other payables the carrying value in the statement of financial position represents the fair value of the liabilities.

21 BORROWINGS

	30 September 2020 £'000	31 March 2019 £'000
Current borrowings		
Invoice discounting facility	**1,375**	1,382
Bank borrowings	**67**	-
Other short term borrowings	**3,141**	2,223
Lease liabilities (note 22)	**404**	70
	4,987	3,675
Non-current borrowings		
Bank borrowings	**933**	-
Lease liabilities (note 22)	**2,763**	109
	3,696	109

Interest on the invoice discounting facility, which is secured on the debtors financed, is paid at the rate of 2.10% over bank base rate per annum.

Bank borrowings of £1.0m relate to funding received from the UK Government's CBILS. This loan has a 6-year term with no interest being payable during the first year as part of the government assistance. The annual interest rate charged thereafter is 3.99% over base rate with capital repayments also due. The future contracted payments, including interest is £1.1m with £0.1m due in less than one year and the balance due in more than one year.

Other short term borrowing refers to the Group's overdraft facility and the US revolving credit facility, both of which incur interest at a rate of 2.50% over bank base rate; as these balances are repayable on demand the future contracted payments is considered to be the same as the carrying amount. This also includes £0.5m for the US Government's Payroll Protection Program (PPP) loan which was made to protect US jobs during the COVID-19 period. After a successful application for this loan to be forgiven, this loan was converted into a grant post year end.

22 LEASE LIABILITIES

The Future contractual payment, including interest for lease liabilities are as follows:

	Within 1 year £'000	**Within 1-2 years £'000**	**Within 2-5 years £'000**	**More than 5 years £'000**	**Total £'000**
30 September 2020	**516**	**465**	**1,036**	**1,789**	**3,806**
31 March 2019	78	62	61	-	201

The Group has now adopted IFRS 16 Leases under the modified retrospective approach. The adoption of IFRS 16 Leases under the modified retrospective approach affects only the current reporting period and does not require restatement of the comparative year. The impact of this adoption in this note gives an additional liability of £2.9m. The contractual hire purchase agreements and finance lease liabilities are secured against the assets to which they relate.

23 FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash and short term deposits, invoice discounting, other short term borrowings and hire purchase agreements and finance leases. The Group has items such as trade receivables and trade payables that arise directly from its operations.

Trade and other receivables and trade and other payables

The Group manages its trade receivables to ensure that credit risk is minimised by avoiding concentration with any one customer. All trade receivables have set credit terms which are monitored.

The invoice discounting facility provides immediate funds on approved trade receivables.

The Group works to ensure that it receives acceptable trading terms from its suppliers.

Liquidity risk

Liquidity risk arises due to the Group's requirement to fund working capital and investment in the business. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of deposits, bank loans, invoice discounting, other short term borrowings and finance lease and hire purchase contracts. Money on deposit is held on treasury reserve, partly to finance working capital and also to help finance future acquisitions. Trade and other creditors have a maturity within 3 months and the carrying value is the same as the contractual payment. The contractual payments for borrowings are disclosed in note 21 and 22.

Interest rate risk

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The Group finances specific large plant acquisitions via hire purchase or finance lease contracts. The Group pays interest on:

- Short term borrowings at between 2.1% over base rate.
- Finance leases at 2.0% to 18.5% over base rate.

If the base rate were to increase from its current level of 0.1% to 0.25% as per the level prior to COVID-19, this would impact the annual interest charge of approximately £9,000.

Foreign currency risk

The Group transacts certain purchases and sales in foreign currencies. At 30 September 2020 there were no foreign currency forward contracts in force (31 March 2019: nil).

Foreign exchange differences on retranslation of monetary foreign currency assets and liabilities are taken to the income statement of the Group.

If the US Dollar and Euro were to fall/rise against GBP by 10% at the average annual rate at 30 September 2020 then Group profits would rise/fall by £119,000 at 30 September 2020 (year ended 31 March 2019: £102,000). For future periods management are considering creating a more natural hedge in the currencies to offset against the short position. This will be achieved by invoicing selected customers in the respective currencies as opposed to GBP.

Commodity price risk

The Group's exposure to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk and opportunities to reduce material costs are explored constantly. The Group has partly responded to this risk by sourcing materials in low cost countries. In addition, any increases in the cost of steel would be passed onto customers.

If steel prices were to fall/rise by 10% on the closing 18 month period end price, and the Group was unable to pass the increase onto customers, then Group profits would rise/fall by £177,000 at 30 September 2020 (year ended 31 March 2019: £135,000) and equity and reserves would increase/reduce by the same amount.

23 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities

The IFRS 9 categories of financial assets included in the statement of financial position and the headings in which they are included are as follows:

	30 September 2020 £'000	31 March 2019 £'000
Non-financial asset	**286**	498
Loans and other receivables at amortised cost	**4,077**	4,849
Total assets	**4,363**	5,347

The financial assets are included in the statement of financial position in the following headings:	**30 September 2020 £'000**	31 March 2019 £'000
Current assets		
Trade and other receivables	**3,412**	4,356
Cash and cash equivalents	**665**	493
	4,077	4,849

The IFRS 9 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:	**30 September 2020 £'000**	31 March 2019 £'000
Non-financial liability	**594**	427
Financial liabilities measured at amortised cost	**11,842**	7,211
Total liabilities	**12,436**	7,638

The financial liabilities are included in the statement of financial position in the following headings	**30 September 2020 £'000**	31 March 2019 £'000
Current liabilities		
Trade and other payables	**3,159**	3,427
Borrowings	**4,987**	3,675
Non-current liabilities		
Borrowings	**3,696**	109
	11,842	7,211

The non-current financial liabilities fall due as follows:

	Within 1-2 years £'000	**Within 2-5 years £'000**	**More than 5 years £'000**	**Total £'000**
30 September 2020				
Lease liabilities	369	822	1,572	2,763
Bank borrowings	200	600	133	933
	556	**1,406**	**1,703**	**3,696**
31 March 2019				
Lease liabilities	55	54	-	109
Bank borrowings	-	-	-	-
	55	54	-	109

24 CAPITAL MANAGEMENT POLICIES PROCEDURES

The Group's capital management objectives are:

- to ensure that the Group can continue as a going concern:
- to ensure the Group has adequate resources to support the strategy of the Group; and
- to provide a return to the Group's shareholders.

The Group's capital equals total equity less cash and cash equivalents. The Group's financing includes total equity plus borrowings. The borrowings have been taken out to provide working capital for the Group.

25 SHARE CAPITAL

	30 September 2020 £'000	31 March 2019 £'000
Authorised		
100,000,000 ordinary shares of 10 pence each	**10,000**	10,000
Allotted and issued		
30 September 2020: 49,219,285 (31 March 2019: 33,795,000) ordinary shares of 10 pence each	**4,921**	3,379

500,000 ordinary shares were allotted and issued on 13 June 2019. 14,924,285 ordinary shares were allotted and issued on 6 February 2020.

All 10 pence ordinary shares carry the same voting rights and rights to discretionary dividends.

26 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 2020 or 31 March 2019.

27 CAPITAL COMMITMENTS

At 30 September 2020 the Group had capital commitments of £nil (31 March 2019: £nil).

28 IMPACT OF TRANSITION TO IFRS 16 LEASES

The impact of the transition to IFRS 16 to the Group's primary financial statements was as follows:

Impact on the Group income statement for the 18 month period ended 30 September 2020

	As reported £'000	IFRS 16 adjustments £'000	Amounts without adoption £'000
Operating loss	**(7,284)**	**(102)**	**(7,386)**
Share of profit from joint ventures	124	-	124
Finance costs	(497)	172	(325)
(Loss)/profit before tax	**(7,657)**	**70**	**(7,587)**
Income tax credit	12	-	12
(Loss)/profit after tax from continuing operations	**(7,645)**	**70**	**(7,575)**

Impact on the Group statement of financial position as at 30 September 2020

	As reported £'000	IFRS 16 adjustments £'000	Amounts without adoption £'000
Non-current assets			
Property, plant and equipment	6,846	(2,859)	3,987
Change in total assets		**(2,859)**	
Borrowings			
Current borrowings	(4,987)	304	(4,683)
Non-current borrowings	(3,696)	2,625	(1,071)
Change in total liabilities		**2,929**	
Change in total equity		**70**	

Impact on the Group statement of cash flows for the 18 month period ended 30 September 2020

	As reported £'000	IFRS 16 adjustments £'000	Amounts without adoption £'000
Cash flows from operating activities			
(Loss)/profit after taxation from continuing operations	(7,645)	70	(7,575)
Adjustment for:			
- Depreciation	1,463	(596)	867
- Net finance costs in income statement	497	(172)	325
Change in cash generated by operations		**(698)**	
Cash flows from financing activities			
Payment of finance lease liabilities	(871)	698	(173)
Net cash used in financing activities		**698**	
Net increase in cash and cash equivalents	**172**	**-**	**172**
Cash and cash equivalents at beginning of period/year	493	-	493
Cash and cash equivalents at end of period/year	**665**	**-**	**665**

29 TRANSACTIONS WITH RELATED PARTIES

Malvair Properties Limited, a company in which R Allsop, a non-executive director, has a beneficial interest, owns a property occupied by a Group company under an operating lease. The company incurred operating lease charges of £0.2m during the 18 month period relating to this lease (31 March 2019: £0.2m).

The Group received dividends in the period of £0.3m from its joint venture in China, Minguang-Tricorn Tubular Products Nanjing Limited. During the 18 month period ended 30 September 2020 the Group has made sales to the joint venture of £0.5m (31 March 2019: £0.5m) and purchases from the joint venture of £0.5m (31 March 2019: £0.1m). At the balance sheet date amounts held in trade and other receivables and owed to the Group by the joint venture amounted to £0.7m (31 March 2019: £0.3m), and amounts held in trade and other payables and owed by the Group to the joint venture of £0.8m (31 March 2019: £0.2m).

30 AUDIT EXEMPTION FOR SUBSIDIARY UNDERTAKINGS

For the 18 month period ended 30 September 2020, the Group has taken advantage of the exemption offered in sections 479A - 479C of the Companies Act 2006 and its subsidiary undertakings have not been subject to an individual annual audit. Tricorn Group plc has given a statutory guarantee to each of the following subsidiary undertakings guaranteeing their liabilities, a copy of which will be filed at Companies House.

At 30 September 2020 the Company holds 100% of the ordinary share capital of the following subsidiaries which have taken this exemption:

- Maxpower Automotive Limited – Company number 04438100
- Tricorn UK Limited – Company number 00370553
- Hallco 348 Limited – Company number 3965426”

TRICORN GROUP PLC

COMPANY STATUTORY ANNUAL REPORT
UNDER UK GAAP

FOR THE 18 MONTH PERIOD ENDED
30 SEPTEMBER 2020

COMPANY NUMBER 01999619

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COMPANY STATEMENT OF CHANGES IN EQUITY

For the 18 month period ended 30 September 2020

	Share Capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2018	**3,379**	**1,692**	**1,592**	**349**	**827**	**7,839**
Share based payment charge	-	-	-	36	-	36
Total transactions with owners	-	-	-	36	-	36
Total comprehensive income	-	-	-	-	(218)	(218)
Balance at 31 March 2019	**3,379**	**1,692**	**1,592**	**385**	**609**	**7,657**
Share based payment charge	-	-	-	142	-	142
Write back of share based reserve	-	-	-	(202)	202	-
Issue of new shares	1,542	-	-	-	-	1,542
Cost of issue of new shares	-	-	-	-	(151)	(151)
Dividends paid	-	-	-	-	(69)	(69)
Total transactions with owners	1,542	-	-	(60)	(18)	1,464
Total comprehensive income	-	-	-	-	(6,419)	(6,419)
Balance at 30 September 2020	**4,921**	**1,692**	**1,592**	**325**	**(5,828)**	**2,702**

COMPANY STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	Note	30 September 2020 £'000	31 March 2019 £'000
Fixed assets			
Investments	7	**1,036**	6,814
Tangible assets	8	**42**	3
Deferred Tax	13	**62**	-
		1,140	6,817
Current assets			
Debtors: amounts due within one year	9	**4,421**	4,086
Cash at bank and in hand		**173**	41
		4,594	4,127
Creditors: amounts falling due within one year	10	**(2,068)**	(3,287)
Net current assets		**2,526**	840
Creditors: amounts falling due greater than one year	11	**(964)**	-
Net assets		**2,702**	7,657
Capital and reserves			
Called up share capital	14	**4,921**	3,379
Share premium account		**1,692**	1,692
Merger reserve		**1,592**	1,592
Share based payment reserve		**325**	385
Profit and loss account		**(5,828)**	609
Equity shareholders' funds		**2,702**	7,657

The financial statements were approved by the Board of Directors on 29 June 2021.

The Company's loss for the 18 month period ended 30 September 2020 was £6,419,016 (31 March 2019: £218,000) after including an impairment charge of £5,778,000.

Michael Stock
Chief Executive and Group Finance Director
Company number: 01999619

Andrew Moss
Chairman

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Financial Reporting Standard ('FRS') 101 'Reduced Disclosure Framework'. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ('IFRS') as adopted by the EU.

The principal activity of the Company is that of a holding company which has remained unchanged from the previous year.

As disclosed in the Group financial statements, the Company's accounting reference date has been extended in the period from 31 March to 30 September. As such the current accounting period covers the 18 month period ended 30 September 2020. The prior year reflects the 12 month period to 31 March 2019.

2 ACCOUNTING POLICIES

Functional and presentation currency

The financial statements are presented in British Pounds Sterling.

Financial Reporting Standard 101 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirement of IFRS 7 Financial Instruments Disclosure
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comprehensive information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
    - paragraph 76 and 79(d) of IAS 40 Inventory Property; and
    - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraph 10(d), 10(f), 16, 38A, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18a of IAS 24 Related Party Disclosures

Investments

Investments held by the Company are included at cost less accumulated impairment.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2 ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

Share based payments

All share-based payment arrangements are recognised in the parent Company's financial statements. The Company operates equity-settled share-based remuneration plans for remuneration of employees of the Company and its subsidiaries. Options are issued by the parent to the employees of the Company and its subsidiaries. The charge for the share based remuneration is recognised in the parent Company income statement.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Equity

Share capital is determined using the nominal value of shares that have been issued. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. When the Company purchases its own shares, the consideration is deductible from equity attributable to the Company's equity holders until the shares are either cancelled or reissued. When this happens, any consideration received is included in equity attributable to equity holders.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking when the Company has taken advantage of merger relief. The income statement includes all current and prior period results.

Significant accounting estimates and judgements

Certain estimates and judgements need to be made by the Directors of the Company which affect the results and position of the Company as reported in the financial statements.

At the period end the major area of judgment was if the investment in subsidiaries was impaired. Following a review of available information including the current net liabilities of relevant subsidiaries along with expected future trading results and an estimate of the net realisable value less costs to sell of the trading businesses the cost of investment was impaired and a total impairment charge of £5.8m (2019 - £nil) was recognised.

3 PROFIT FOR THE FINANCIAL PERIOD

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss for the 18 month period was £6,419,016 (year ended 31 March 2019: £218,000 loss) after including an impairment charge of £5,778,000.

Auditor's remuneration incurred by the Company during the 18 month period for audit services totalled £74,000 (31 March 2019: £14,000), and for tax compliance services totalled £2,000 (31 March 2019: £2,000).

4 DIRECTORS AND EMPLOYEES REMUNERATION

Staff costs during the 18 month period/year were as follows:	**18 months ended 30 September 2020 £'000**	Year ended 31 March 2019 £'000
Wages and salaries	**929**	671
Social security costs	**99**	89
Other pension costs	**46**	27
Share based payment charge	**142**	36
	1,216	823

The average number of persons (including Directors) employed by the Company during the 18 month period was 10 (31 March 2019: 10).

5 DIRECTORS' EMOLUMENTS

All details on Directors' remuneration are given in note 5 of the Group financial statements.

6 SHARE BASED EMPLOYEE REMUNERATION

All details on share options are included in note 7 of the Group financial statements.

7 FIXED ASSET INVESTMENTS

	Total £'000
Cost	
At 1 April 2019 and 30 September 2020	9,729
Impairment	
At 1 April 2019	(2,915)
Charge	(5,778)
At 30 September 2020	**(8,693)**
Net book value	
At 30 September 2020	**1,036**
At 31 March 2019	6,814

At 30 September 2020 the Company holds 100% of the ordinary share capital of the following subsidiaries:

7 FIXED ASSET INVESTMENTS (CONTINUED)

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
Tricorn UK Limited	United Kingdom	Ordinary	100	Manufacturer of tubular components
Hallco 348 Limited	United Kingdom	Ordinary	100	Non-trading
Maxpower Automotive Limited	United Kingdom	Ordinary	100	Non-trading
Maxpower Enterprise Management Consulting (Wuxi) Co., Ltd*	China	Ordinary	100	Non-trading
Franklin Tubular Products Inc	USA	Ordinary	100	Manufacturer of tubular assemblies and components to highway and heavy duty truck market
Robert Morton DG Limited	United Kingdom	Ordinary	100	Dormant
Malvern Tubular Components Limited (formerly Hallco 347 Limited)	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking

8 TANGIBLE FIXED ASSETS

	Plant and equipment £'000	Right-of-use assets £'000	Total £'000
Cost			
At 1 April 2019	22	-	**22**
Additions	-	52	**52**
Disposals	-	-	**-**
At 30 September 2020	**22**	**52**	**74**
Depreciation			
At 1 April 2019	19	-	19
Charge	2	11	13
At 30 September 2020	**21**	**11**	**32**
Net book value			
At 30 September 2020	**1**	**41**	**42**
At 31 March 2019	3	-	3

All right-of-use assets are classified as plant and equipment.

9 DEBTORS

	30 September 2020 £'000	31 March 2019 £'000
Amounts owed by subsidiary undertakings	**4,409**	3,802
Other debtors	**6**	242
Prepayments	**6**	42
	4,421	4,086

10 CREDITORS : AMOUNTS DUE WITHIN ONE YEAR

	30 September 2020 £'000	31 March 2019 £'000
Bank borrowings	**67**	-
Short term borrowings	**463**	201
Trade creditors	**19**	15
Hire purchase agreements and finance lease liabilities	**12**	-
Amounts due to subsidiary undertakings	**1,261**	2,854
Other taxes and social security	**53**	28
Accruals	**193**	189
	2,068	3,287

Bank borrowings of £1.0m relate to funding received from the UK Government's CBILS. This loan has a 6-year term with no interest being payable during the first year as part of the government assistance. The annual interest rate charged thereafter is 3.99% over base rate with capital repayments also due.

Other short term borrowing refers to the Group's overdraft facility which incur interest at a rate of 2.50% over bank base rate.

11 CREDITORS : GREATER THAN ONE YEAR

	30 September 2020 £'000	31 March 2019 £'000
Bank borrowings	**933**	-
Hire purchase agreements and finance lease liabilities	**31**	-
	964	-

12 LEASE LIABILITIES

The Future contractual payment, including interest for lease liabilities are as follows:

	Within 1 year £'000	Within 1-2 years £'000	Within 2-5 years £'000	Total £'000
30 September 2020	**15**	**16**	**18**	**49**
31 March 2019	-	-	-	-

The Company has now adopted IFRS 16 Leases under the modified retrospective approach. The adoption of IFRS 16 Leases under the modified retrospective approach affects only the current reporting period and does not require restatement of the comparative year. The impact of this adoption in this note is £nil.

The contractual hire purchase agreements and finance lease liabilities are secured against the assets to which they relate.

13 DEFERRED TAXATION

The deferred tax included in the statement of financial position arose in the following areas:

	Assets		**Liabilities**	
	30 September 2020 £'000	31 March 2019 £'000	**30 September 2020 £'000**	31 March 2019 £'000
Share based payment	**62**	-	**-**	-
	62	-	**-**	-

The movement in the deferred taxation account during the 18 month period was:

	Assets		**Liabilities**	
	30 September 2020 £'000	31 March 2019 £'000	**30 September 2020 £'000**	31 March 2019 £'000
Balance brought forward	**-**	-	**-**	-
Company income statement movement arising during the period/year	**62**	-	-	-
Balance carried forward	**62**	-	-	-

As at 30 September 2020 the Company has gross unprovided deferred tax assets as follows:

	Unprovided 30 September 2020 £'000	Unprovided 31 March 2019 £'000
Trading losses	**641,000**	-

14 SHARE CAPITAL

	30 September 2020 £'000	31 March 2019 £'000
Authorised		

100,000,000 ordinary shares of 10 pence each	**10,000**	10,000
Allotted and issued		
30 September 2020: 49,219,285 (31 March 2019: 33,795,000) ordinary shares of 10 pence each	**4,921**	3,379

All 10p ordinary share capital carry the same voting rights and rights to discretionary dividends.

15 DIVIDEND

The Board is not recommending the payment of a dividend for the 18 month period ended 30 September 2020 (31 March 2019: 0.2p).

16 BANK CROSS-GUARANTEE

As at 30 September 2020, there was an Unlimited Composite Company Guarantee in place with HSBC. This was given by Tricorn Group plc, Maxpower Automotive Limited, Hallco 348 Limited, Franklin Tubular Products Inc and Tricorn UK Limited (formerly Malvern Tubular Components Limited). to secure all liabilities of each other. This has been in place throughout the 18 month period and the prior year.

The maximum potential liability to the Company at 30 September 2020 is £3.0m (31 March 2019: £3.1m).

17 CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2020 or at 31 March 2019.

18 RELATED PARTIES

The Company has taken advantage of the exemption available under section 17 and 18a to not disclose transactions with wholly owned subsidiaries in the Group. There were no other related party transactions to disclose.