

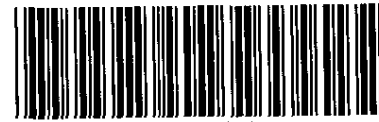
Registration number: 07016167

Bodycote America Treasury Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

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Bodycote America Treasury Limited

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Bodycote America Treasury Limited

Company Information

Directors	D Yates
	M J Harkcom
	U S Ball
Company secretary	U S Ball
Registered office	Springwood Court
	Springwood Close
	Tytherington Business Park
	Macclesfield
	Cheshire
	SK10 2XF

Bodycote America Treasury Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the unaudited financial statements for the year ended 31 December 2021.

Directors' of the company

The directors, who held office during the year and up to the date of signing, were as follows:

D Yates

M J Harkcom

U S Ball

Principal activity

The principal activity of the company continued to be that of a financing company.

Dividends

The directors propose a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2021 (2020: £Nil).

Future developments

The directors expect the general level of activity to continue for the foreseeable future.

Going concern

The company is a subsidiary of Bodycote plc, which manages its working capital on a pooled basis across the Group. Based on the strong trading relationship between this company and Bodycote plc, and also the following going concern disclosure which appears in the financial statements of Bodycote plc for the year ended 31 December 2021, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

"The Group meets its working capital requirements through a combination of committed and uncommitted facilities and overdrafts. For the purposes of the going concern assessment, the Directors have only taken into account the capacity under existing committed facilities, being predominantly the Group's Revolving Credit Facility.

The Group has access to a £250.9m Revolving Credit Facility maturing in May 2026. The Group's committed facilities at 31 December 2021 totalled £255.3m while uncommitted facilities totalled £54.6m. At 31 December 2021, the Group's Revolving Credit Facility had drawings of £90.3m (2020: £51.7m) and the Group's net debt was £51.9m (2020: £22.5m). The liquidity headroom was £202.8m at 31 December 2021 (2020: £221.7m) excluding uncommitted facilities."

The Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Group's going concern status and that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements."

On the above basis, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2016 and accordingly no Strategic Report is being presented.

Approved by the Board on 12 September 2022 and signed on its behalf by:



U. S. Ball
c/o Bodycote, on Bodycote,
as Group Company
Secretary,
email: U. S. Ball@bodycote.com
+44 (0)20 12 15 59 18 +02 00

U S Ball

Company secretary

Bodycote America Treasury Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Other interest receivable and similar income	4	3,486,417	2,605,296
Interest payable and similar charges	5	<u>-</u>	<u>(5,038,068)</u>
Profit/(loss) before tax		3,486,417	(2,432,772)
Tax on profit/(loss)	7	<u>1,281,779</u>	<u>(1,311,444)</u>
Profit/(loss) for the year		<u>4,768,196</u>	<u>(3,744,216)</u>

The above results were derived from continuing operations.

There are no recognised gains or losses other than those passing through the profit and loss account.

The notes on pages 6 to 11 form an integral part of these financial statements.

Bodycote America Treasury Limited

(Registration number: 07016167)

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Investments	8	331,692,151	331,692,151
Trade and other receivables	9	<u>160,136,697</u>	<u>156,650,280</u>
		491,828,848	488,342,431
Current liabilities			
Loans and borrowings	10	(123)	(123)
Current tax liability		<u>(3,487,907)</u>	<u>(4,769,686)</u>
Net assets		<u>488,340,818</u>	<u>483,572,622</u>
Capital and reserves			
Share capital	11	259,671,152	259,671,152
Share premium		139,806,195	139,806,195
Retained earnings		<u>88,863,471</u>	<u>84,095,275</u>
Total equity		<u>488,340,818</u>	<u>483,572,622</u>

For the financial year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 12 September 2022 and signed on its behalf by:



M J Harkcom
Director

The notes on pages 6 to 11 form an integral part of these financial statements.

Bodycote America Treasury Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 January 2021	259,671,152	139,806,195	84,095,275	483,572,622
Profit for the year	-	-	4,768,196	4,768,196
Total comprehensive income	-	-	4,768,196	4,768,196
At 31 December 2021	<u>259,671,152</u>	<u>139,806,195</u>	<u>88,863,471</u>	<u>488,340,818</u>

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 January 2020	259,671,152	139,806,195	87,839,491	487,316,838
Loss for the year	-	-	(3,744,216)	(3,744,216)
Total comprehensive income	-	-	(3,744,216)	(3,744,216)
At 31 December 2020	<u>259,671,152</u>	<u>139,806,195</u>	<u>84,095,275</u>	<u>483,572,622</u>

The notes on pages 6 to 11 form an integral part of these financial statements.

Bodycote America Treasury Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

Bodycote America Treasury Limited is a company limited by shares incorporated in England and Wales. The registered office is Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and using the historical cost convention. They are prepared in Sterling, the functional currency of the company.

Summary of disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Bodycote plc in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- 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 comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of Bodycote plc. The group accounts of Bodycote plc are available to the public and can be obtained as set out in note 12.

The company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

As described in the Directors' Report on pages 2 and 3, the directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Company's going concern status and that it is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In making this judgement, they have considered the impacts of current and severe but plausible consequences arising from COVID-19 to the Company's activities. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Bodycote America Treasury Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises just current tax.

Tax is recognised in the profit or loss result for the year, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Investments

Investments are stated at cost less provision for impairment.

Cash and cash equivalents

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

Receivables

Receivables are initially recognised at fair value. Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Per IFRS 9, a simplified lifetime Expected Credit Loss (ECL) model is used to assess receivables for impairment. An assessment regarding the ECL of these amounts has been made and the Company has identified that no allowance for expected credit losses is required.

Amounts owed by subsidiary undertakings falling due after more than one year are classified as such according to the loan agreement.

Payables

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Non-interest-bearing financial liabilities are stated at their nominal value. Trade payables are recognised at fair value.

Amounts owed to subsidiary undertakings falling due after more than one year are classified as such according to the loan agreement.

Share capital

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currency transactions and balances

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

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

Bodycote America Treasury Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements often requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. For the current year, there were no significant judgements nor key sources of estimation uncertainty that require disclosure.

4 Interest receivable and similar income

	2021	2020
	£	£
Interest received from group undertakings	2,067,190	2,605,296
Foreign exchange gains	1,419,227	-
	<u>3,486,417</u>	<u>2,605,296</u>

5 Interest payable and similar charges

	2021	2020
	£	£
Foreign exchange losses	<u>-</u>	<u>5,038,068</u>

6 Staff costs

The directors were the only employees of the company in both 2021 and 2020, and they received no remuneration from the company during the year (2020: £Nil). All directors' fees and emoluments were paid by other Bodycote group companies and the amount attributable to the qualifying services provided by the directors to the company cannot be reliably estimated.

Bodycote America Treasury Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

7 Income tax

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	1,668,729	3,130,606
UK corporation tax adjustment to prior periods	<u>(2,950,508)</u>	<u>(1,819,162)</u>
	<u>(1,281,779)</u>	<u>1,311,444</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: higher than the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>3,486,417</u>	<u>(2,432,772)</u>
Corporation tax at standard rate of 19% (2020: 19%)	662,419	(462,227)
Taxable overseas financing income	1,668,729	3,130,606
Effect of foreign exchange gains	(269,653)	957,233
Group relief claimed for nil payment	(392,766)	(495,006)
Adjustment in respect of prior periods	<u>(2,950,508)</u>	<u>(1,819,162)</u>
Total tax (credit)/charge	<u>(1,281,779)</u>	<u>1,311,444</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in September 2016 but subsequently repealed in March 2020 such that the UK corporation tax rate remains at 19%. An increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was substantively enacted in May 2021.

8 Investments

Subsidiaries

Cost or valuation

At 1 January 2021	<u>556,151,230</u>
At 31 December 2021	<u>556,151,230</u>

Provision for impairment

At 1 January 2021	<u>224,459,079</u>
At 31 December 2021	<u>224,459,079</u>

Carrying amount

At 31 December 2021	<u>331,692,151</u>
At 31 December 2020	<u>331,692,151</u>

Bodycote America Treasury Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

8 Investments (continued)

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights in ordinary shares held	
			2021	2020
Bodycote Ireland Treasury Limited	Provision of services to group companies	12 Merrion Square North Dublin 2 Ireland	74.27%	74.27%
Bodycote Jersey Finance Limited	Provision of services to group companies	50 La Colomberie St Helier JE2 4QB Jersey	100%	100%

The company also holds 10.02% of shares in Bodycote America Capital Limited, a company incorporated in the UK.

9 Trade and other receivables

	2021	2020
Non-current	£	£
Amounts due from group undertakings	<u>160,136,697</u>	<u>156,650,280</u>

The balance included in amounts due from group undertakings of £160,136,697 (2020: £156,650,280) relates to loans with other group companies. These loan balances are all repayable on demand and attract varying rates of interest.

10 Loans and borrowings

	2021	2020
Current	£	£
Bank overdrafts	<u>123</u>	<u>123</u>

11 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.64131 each	<u>404,906,377</u>	<u>259,671,152</u>	<u>404,906,377</u>	<u>259,671,152</u>

12 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Bodycote plc. These financial statements are available upon request from Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire SK10 2XF.

Bodycote America Treasury Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

13 Parent and ultimate parent undertaking

The company's immediate parent is Bodycote International Limited and the ultimate parent is Bodycote plc. The most senior parent entity producing publicly available financial statements is Bodycote plc.

Bodycote plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements may be obtained upon request from The Secretary, Bodycote plc, Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire SK10 2XF, the registered office of Bodycote plc.