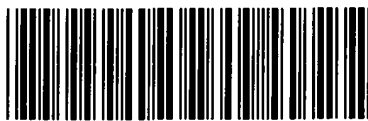


Bruntons Aero Products Limited
Annual Report and Financial Statements
For the Year Ended 31 March 2022
Company Number : 00045894

FRIDAY



ABJFMYN7

A04

23/12/2022

#285

COMPANIES HOUSE

Bruntons Aero Products Limited

	Contents
Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5
Profit and Loss Account	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

Bruntons Aero Products Limited

Company Information

Directors

A Hook
FLP Doorenbosch
DM Bedford

Company Secretary

A Wakes

Registered Office

Unit 5
Silkwood Court
Osselt
WF5 9TP

Solicitors

Addleshaw Goddard
3 Sovereign Square
Sovereign Street
Leeds
LS1 4ER

Bankers

HSBC Bank plc

Auditor

Mazars LLP
30 Old Bailey
London
EC4M 7AU

Bruntons Aero Products Limited

Strategic Report for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activities

The company's principal activity during the year was the manufacture and sale of components for the aerospace industry for both Original Equipment Manufacture (OEM) and aftermarket applications.

Business model

The Company's strategy is to develop new applications for its core products and to expand its customer base.

Review of business

Turnover for the year of £2,491,723 increased from the prior year (2021: £2,311,137) and operating profit increased to £347,961 (2021: £57,044).

The financial position at the year end remained strong with net current assets of £1,816,364 (2021: £1,301,167) and net assets of £2,936,059 (2021: £2,582,519).

Key performance indicators

Turnover increased by 7.8% compared to the prior year.

Operating profit margin increased to 14.0% (2021: 2.5%).

Principal risks and uncertainties

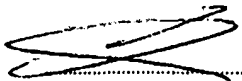
COVID-19: The company's main priority has been the safety of our employees and we have complied with all Government recommendations. Since the easing of Government restrictions, volumes have started to recover but are not yet back to pre-pandemic levels. We continue to align our resources to our production volumes.

Longer term, the shortage of skilled labour is a factor in preventing the growth of the business. This is being addressed by taking on apprentices for training, paying competitive rates of pay and de-skilling the process wherever possible.

Rates of exchange on foreign currencies affected revenues and the cost of bought in components and materials. The company hedges its foreign currency exposure by having both sales and purchases in foreign currencies.

There has been no impact as yet relating to the exit from the European Union.

Approved by the Board on 16/12/2022 and signed on its behalf by:



A Hook - Director

Unit 5
Silkwood Court
Ossett
WF5 9TP

Bruntons Aero Products Limited

Directors' Report for the Year Ended 31 March 2022

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

Directors' of the company

The directors, who held office during the year, and to the date of this report are as follows:

A Hook

N I B Sanders (Resigned 05/11/2022)

FLP Doorenbosch (Appointed 07/11/2022)

Dividends

No interim dividend was paid during the year. No final dividend will be paid.

The total distribution of dividends for the year ended 31 March 2022 will be £Nil (2021: £nil).

Political donations and expenditure

During the period the company made no political donations (2021: £nil).

Employment of disabled persons

The company operates and is committed to a policy of equality that provides a working environment that maintains a culture of respect and reflects the diversity of its employees. It is absolutely committed to offering equal opportunities to all ethnicity, language, age, status, sexual orientation, religion or disability.

We believe that all employees should be able to work safely in a healthy workplace without fear of any form of discrimination, bullying or harassment.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various financial and economic factors affecting the performance of the company and its larger group.

The company regularly updates its employment policies and all employees have been issued with a staff handbook to keep them up to date with information relating to their employment.

Environmental matters

It is the company's policy to seek continually to eliminate and, where this is not practicable, to minimise negative environmental impacts from the pursuit of its various business interests whilst continuing to produce high quality products to its customers' requirements.

It is the company's policy to comply with all statutory environmental legislation as a minimum and to aim to improve upon the standards set by the local regulatory authorities. To this end, the company is audited by a 3rd party health, safety and environment manager to:

- benchmark performances;
- help identify and prioritise issues for improvement;
- ensure legal compliance.

The results of audits are communicated directly to management and appropriate action is taken.

Social and community issues

The company supports the local communities through charitable support and education initiatives.

We are committed to developing future talent and fully support apprentice schemes and graduate employment.

Future developments

Post COVID-19, volumes continue to increase and our continued focus on customer service and fast turnaround for the aerospace spares sector will continue to be attractive to OEMs and their Tier 1 suppliers.

Disclosure of information to the auditors

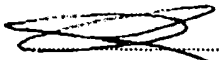
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

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

Approved by the Board on 16/12/2022 and signed on its behalf by:



A Hook - Director

Unit 5

Silkwood Court

Ossett

WF5 9TP

Bruntons Aero Products Limited

Statement of Directors' Responsibilities

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Bruntons Aero Products Limited

Opinion

We have audited the financial statements of Bruntons Aero Products Limited (the 'Company') for the year ended 31 March 2022 which comprise the Profit and Loss account, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the parent company, Carclo plc, has disclosed a material uncertainty over going concern in its Interim Group accounts for the six months to 30 September 2022 due to lack of forecast headroom on its interest cover covenant. As such, there is the possibility of circumstances arising whereby Carclo plc may be forced to call in its debt from the company and/or the company may be called upon by the bank to pay the Group debt which it guarantees.

As stated in note 2, these events or conditions, along with the other matters as set forth in this note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Independent Auditor's Report to the Members of Bruntons Aero Products Limited (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed


Gavin Barclay (Dec 22, 2022 12:49 GMT)

21 December 2022

Gavin Barclay (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

Date

Bruntons Aero Products Limited

Profit and Loss Account for the Year Ended 31 March 2022

		2022	2021
	Note	£	£
Turnover	3	2,491,723	2,311,137
Cost of sales		<u>(643,305)</u>	<u>(542,337)</u>
Gross Profit		1,848,418	1,768,800
Administrative expenses		<u>(1,500,457)</u>	<u>(1,711,756)</u>
Operating profit		347,961	57,044
Other interest receivable and similar income	4	<u>18,924</u>	<u>8,979</u>
Profit before tax		366,885	66,023
Tax on profit on ordinary activities	8	<u>(13,345)</u>	<u>799</u>
Profit for the year		<u><u>353,540</u></u>	<u><u>66,822</u></u>

The above results were derived from continuing operations.

There have been no movements in other comprehensive income, therefore no Statement of Comprehensive Income is presented.

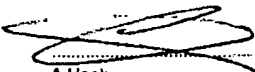
The notes on pages 10 to 18 form an integral part of these financial statements.

Bruntons Aero Products Limited
(Company Number : 00045894)
Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	<u>1,183,198</u>	<u>1,337,695</u>
		<u>1,183,198</u>	<u>1,337,695</u>
Current assets			
Inventory	11	884,921	950,770
Trade and other debtors	12	598,569	353,507
Cash at bank and in hand		<u>2,132,868</u>	<u>1,752,911</u>
		<u>3,616,358</u>	<u>3,057,188</u>
Creditors: Amounts falling due within one year	13	<u>(1,799,994)</u>	<u>(1,756,021)</u>
Net current assets		<u>1,816,364</u>	<u>1,301,167</u>
Creditors: Amounts falling due greater than 1 year	13	(2,838)	(9,023)
Deferred tax	8	(60,665)	(47,320)
Net assets		<u>2,936,059</u>	<u>2,582,519</u>
Capital and reserves			
Called up share capital	14	1,700,000	1,700,000
Profit and loss account		<u>1,236,059</u>	<u>882,519</u>
Shareholders' funds		<u>2,936,059</u>	<u>2,582,519</u>

The notes on pages 10 to 18 form an integral part of these financial statements.

Approved by the Board on 16/12/2022 and signed on its behalf by:


A Hook
Director

Bruntons Aero Products Limited

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

	Share Capital £	Retained Earnings £	Total £
At 1 April 2020	1,700,000	815,697	2,515,697
Profit for the year	-	66,822	66,822
Dividends	-	-	-
At 1 April 2021	1,700,000	882,519	2,582,519
Profit for the year	-	353,540	353,540
Dividends	-	-	-
At 31 March 2022	1,700,000	1,236,059	2,936,059

The notes on pages 10 to 18 form an integral part of these financial statements.

1 General information

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

The address of its registered office is:

Unit 5
Silkwood Court
Ossett
WF5 9TP
England and Wales

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 have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company's ultimate parent undertaking, Carclo plc includes the Company in its consolidated financial statements.

The consolidated financial statements of Carclo plc are prepared in accordance with UK adopted international accounting standards.

and are available to the public and may be obtained from Unit 5, Silkwood Court, Ossett, WF5 9TP.

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional Statement of Financial Position for the beginning of the earliest comparative period following the retrospective change in accounting policy
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Carclo plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Any new standards, amendments and interpretations to existing standards which have been published that are mandatory for the Company's accounting period beginning on or after 1 April 2021 have been incorporated in these financial statements.

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

2 Accounting policies (continued)

Going concern

The financial statements are prepared on a going concern basis.

The Company has net assets at 31 March 2022 of £2.9m (2021: net assets £2.6m) including cash at bank and in hand of £2.1m (2021: £1.8m). Its turnover increased by 7.8% compared to the prior year and operating profit margin increased to 14.0% from 2.5% in the prior year.

Following a successful refinancing on 2 September 2022, the debt facilities available to the Group at 30 September 2022 comprise a term loan of £31.2 million (31 March 2022: £30.3 million), of which £0.7 million will be amortised by 31 March, a further £1.4 million by 31 March 2024 and a further £2.2 million by 31 March 2025. The balance becomes payable by the termination date, 30 June 2025. The facility also includes a £3.5m (31 March 2021: £2.0 million) revolving credit facility maturing on 31 May 2025.

The parent company also agreed a schedule of contributions with the pension trustees on 2 September 2022, being £3.5 million to be paid annually until 31 October 2040. There are no additional contributions payable until the year ending 31 March 2025 when a contingent contribution mechanism becomes active.

The Directors have prepared cash flow forecasts to cover the 12 month period from the date of signing these financial statements taking into account available facilities and the terms of the arrangements with the Bank and the Pension Scheme. These demonstrate that the Company has sufficient liquidity headroom through the forecast period.

The Company is a guarantor of its parent company Carclo plc's bank debt. The Company also has a large intragroup liability to its parent company.

The Company is reliant on Carclo plc's support in not calling in its debt, which in turn relies on the plc itself being a going concern. Carclo plc has confirmed that it has no plans to recall the debt in the next twelve months.

The Group is subject to bank and pension scheme covenant tests, as described in note 1 of the Carclo Annual Report and Accounts for the year to 31 March 2022, which remain unchanged following the refinancing. Whilst the Board's base case forecast shows that the Group is able to operate within its available facilities and to meet its covenants as they fall due, the interest covenant headroom is limited.

The Directors have reviewed sensitivity testing modelling a range of severe downside scenarios including the financial effects of loss of business from discrete sites, an overall fall in gross margin of 1% across the Group, a fall in Group sales of 5% matched by a corresponding fall in cost of sales of the same amount, margin reduction on discrete customers, exchange risk and interest rate risk. Because the interest cover covenant headroom is limited, principally due to increases in interest rates, manifestation of the above risks, individually or in combination, could lead to a breach of the Group's banking covenants.

The Group is taking action including operational restructuring, cost savings, working capital management, debt reduction and interest reduction initiatives and it considers that whilst the potential benefits from these give some comfort that the downside risks can be mitigated there remains a material uncertainty that the interest cover covenant will be breached by the Group under reasonable downside risk scenarios.

Carclo plc disclosed a material uncertainty over going concern in its interim Group accounts for the 6 months to 30 September 2022 due to lack of forecast headroom on its interest cover covenant.

Further, on 7 December 2022 Carclo plc announced a major global OEM contract cancellation. The Group is in discussion with the customer regarding an appropriate commercial settlement in relation to this cancellation. The Group Board is evaluating the financial impact and taking mitigating actions.

The Group's lending bank remains supportive and is actively engaged with the Group to discuss what amendments may be required to address the impact on its banking covenants. However the outcome is not guaranteed.

This means that there is the possibility of circumstances arising whereby Carclo plc may be forced to call in its debt from the Company and/or the Company may be called upon by the bank to pay the Group debt which it guarantees. The Directors believe that the likelihood of this scenario is remote, and rather the more likely alternative scenarios would not lead to any disruption to the Company's going concern status. However, the possibility remains and depends on the lending bank's actions and accordingly, the Company must also recognise that it has a material uncertainty over going concern.

Despite the uncertainty, the Board has determined that it is reasonable to assume that Company will continue to operate within the facilities available to it and to adhere to any covenant tests to which it is subject throughout the 12 month period from the date of signing the financial statements and as such it has adopted the Going Concern assumption in preparing the financial statements.

Revenue recognition

Revenue arises on the Company's principal activities.

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time, when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

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

Tax

Tax is recognised in profit or loss, 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Freehold Buildings	2.70%
Fixtures, Fittings and Equipment	6.7 -33%

Government Grants - COVID-19

The receipt of government grants in the form of furlough have been received by the company and have been posted against the relevant expenditure, in line with IAS 20.

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.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If not, they are presented as non-current assets.

The Company measures loss allowances for estimates of expected credit losses ("ECLs") on trade debtors.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

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

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets.

The company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Defined contribution pension obligation

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

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Defined benefit pension obligation

The company participates in a UK wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Carclo plc is legally the sponsor of the scheme and recognises the net defined cost for the scheme as a whole less the contributions of other plan participants. Accordingly the company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

During the period this charge was £Nil (2021: £Nil). Full details of the financial assumptions used to assess the scheme's assets and liabilities can be found in the accounts of Carclo plc. During the year ended 31 March 2011 the company elected to cease future accrual for existing members of the defined benefit scheme and members transferred to the defined contribution scheme.

Accounting estimates and judgements

The following are the critical judgments and key sources of estimation uncertainty that the Directors have made in the process of applying the company accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Going concern

Note 2 contains information about the preparation of these financial statements on a going concern basis.

Key Judgement

Management has exercised judgement over the likelihood of the company to continue to operate within its available facilities from the twelve months from the date of signing these financial statements.

Lease discount rates

Key sources of estimation

For those leases where no interest rate could be implied from the lease agreement, management has estimated the interest rate based on Carclo plc's incremental borrowing rates.

Bruntons Aero Products Limited

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

3 Revenue

The company supplies spare parts to the aerospace industry in the UK and other markets.

	2022	2021
	£	£
Geographical split:		
UK	883,239	913,179
Europe	1,084,712	1,042,790
USA	447,264	312,160
Rest of the world	76,508	43,008
	<u>2,491,723</u>	<u>2,311,137</u>

4 Other interest receivable / payable and similar income

	2022	2021
	£	£
Interest income on bank deposits	19,554	9,987
Interest payable on lease liabilities	(630)	(1,008)
	<u>18,924</u>	<u>8,979</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	814,498	984,404
Social security costs	86,682	97,408
Pension costs, defined contribution scheme	47,658	50,786
	<u>948,838</u>	<u>1,132,598</u>

The average number of persons employed by the company (including directors) during the year was 29 (2021: 38).

Government furlough grants of £33,258, (2021: £229,232) have been received and offset against wages and salaries.

6 Directors remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	<u>163,031</u>	<u>176,152</u>

7 Auditors remuneration

	2022	2021
	£	£
Audit of the financial statements	<u>10,200</u>	<u>10,000</u>

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

8 Income Tax

Tax (credited) / charged in the profit and loss account

	2022 £	2021 £
Current Taxation	-	-
Deferred taxation		
Arising from origination and reversal of temporary differences	(799)	(799)
Rate Change	14,144	-
Total deferred taxation	13,345	(799)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022: lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	366,885	66,023
Corporation tax at standard rate of 19% (2021: 19%)	69,708	12,544
Other temporary differences and unprovided deferred tax movement	38,605	(16,250)
Decrease arising from group relief tax reconciliation	(97,891)	-
Increase from expenses not deductible for tax purposes	2,923	2,907
Total tax charge/(credit)	13,345	(799)

Deferred tax

Deferred tax movement during the year:

	At 1 April 2021 £	Recognised in income £	At 31 March 2022 £
Revaluation of property	(47,320)	(13,345)	(60,665)
Net tax (liabilities)	(47,320)	(13,345)	(60,665)

Deferred tax movement during the prior year:

	At 1 April 2020 £	Recognised in income £	At 31 March 2021 £
Revaluation of property	(48,119)	799	(47,320)
Net tax asset (liabilities)	(48,119)	799	(47,320)

The company has unrecognised deferred tax assets:

	2022 £	2021 £
Accelerated capital allowances	235,614	107,262
Losses	-	522
	235,614	107,784

The Company has not recognised these deferred tax assets since it expects to benefit from group relief rather than these assets in order to reduce its future tax liability. Therefore there is uncertainty as to the timing of the utilisation of these assets.

Deferred tax assets and liabilities at 31 March 2022 have been calculated based on the rates substantively enacted at the balance sheet date. The rate applicable from 1 April 2021 is 19%. The Finance Act 2021 enacted on the 10th June 2021 states that Corporation Tax will rise to 25% from April 2023. The impact of the increase to 25% is not expected to be material.

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

9 Tangible fixed assets

	Land and Buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2021	875,000	1,691,204	2,566,204
Additions	-	2,198	2,198
Disposals	-	(2,278)	(2,278)
At 31 March 2022	875,000	1,691,124	2,566,124
Depreciation			
At 1 April 2021	139,980	1,088,529	1,228,509
Charge for the year	19,999	136,696	156,695
Eliminated on disposal	-	(2,278)	(2,278)
At 31 March 2022	159,979	1,222,947	1,382,926
Carrying amount			
At 31 March 2022	715,021	468,177	1,183,198
At 31 March 2021	735,020	602,675	1,337,695

Pledged as security

Property with a carrying amount of £715,021 (2021: £735,020) has been pledged as security for the group pension scheme and the company's bank HSBC. Tangible fixed assets includes right of use assets as set out in note 10.

10 Leases

The company's leases are principally for LED lighting.

Right-of-use assets

Right-of-use assets are presented as property, furniture, fittings and equipment (see note 9).

	Land and Buildings £	Plant and Equipment £	Total £
Balance at 1 April 2021	-	16,733	16,733
Depreciation charge for the year	-	(8,333)	(8,333)
Additions to right-of-use assets	-	-	-
Derecognition of right-of-use assets	-	-	-
Balance at 31 March 2022	-	8,400	8,400
Lease Liabilities		2022 £	2021 £
Opening balance		16,946	24,493
Additions		-	-
Capital repayments		(7,923)	(7,547)
Closing balance		9,023	16,946
Amounts recognised in profit or loss		2022 £	2021 £
Leases under IFRS 16			
Interest on lease liabilities		631	1,008
Operating leases under IFRS 16 small exemption		2022 £	2021 £
Lease expense		-	3,000
Amounts recognised in consolidated statement of cash flows		2022 £	2021 £
Total cash outflow for leases under IFRS 16		(7,923)	(7,547)

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

11 Inventory

	2022 £	2021 £
Raw materials and consumables	201,478	162,425
Work in progress	172,894	159,327
Finished goods and goods for resale	510,549	629,018
	<u>884,921</u>	<u>950,770</u>

The cost of stock recognised as an expense in the year amounted to £538,408 (2021: £306,799). This is included within cost of sales.
The amount of write-down of stock recognised as an expense in the year is £39,260 (2021: £5,856). This is included within cost of sales

12 Trade and other debtors

	2022 £	2021 £
Trade debtors	487,653	304,500
Amounts due from intra group entities	61,914	13,607
Other debtors	49,002	35,400
Total current trade and other debtors	<u>598,569</u>	<u>353,507</u>

Debtors from related parties are non-interest bearing, unsecured and have no fixed payment date

The fair value of the Company's trade and other debtors are not materially different to the amounts stated above due to their short term duration.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at 31 March 2022 was determined as follows for trade debtors:

	2022 Gross carrying amount £	Loss allowance £	Expected loss rate £	2021 Gross carrying amount £	Loss allowance £	Expected loss rate £
Not past due	347,802	-	0.0%	250,195	-	0.0%
Past due 0 - 30 days	134,779	-	0.0%	40,164	-	0.0%
Past due 31 - 60 days	480	-	0.0%	1,812	-	0.0%
Past due 61 - 120 days	3,566	-	0.0%	2,523	-	0.0%
More than 120 days	1,026	-	0.0%	9,806	-	0.0%
	<u>487,653</u>	-	0.0%	<u>304,500</u>	-	0.0%

The movement in the allowance for impairment in respect of trade receivables and contract assets during the period was as follows. Comparative amounts for 2021 represent the allowance account for impairment losses under IAS 39.

	2022 £	2021 £
Balance at 1 April 2021	-	-
Amounts written off	-	-
Net measurement of loss allowance	-	-
Balance at 31 March 2022	<u>-</u>	<u>-</u>

Bruntons Aero Products Limited

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

13 Trade and other creditors

	2022	2021
	£	£
Trade creditors	152,266	76,567
Accrued expenses	83,460	66,722
Amounts due to intra group entities	1,513,842	1,531,919
Social security and other taxes	3,537	2,638
Lease liabilities	6,185	7,923
Other creditors	40,704	70,252
	<u>1,799,994</u>	<u>1,756,021</u>

Creditors greater than 1 year

Lease liabilities	2,838	9,023
	<u>2,838</u>	<u>9,023</u>

Creditors from related parties are non-interest bearing, unsecured and have no fixed payment date.

Outstanding Lease obligations

Net obligations due in less than 1 year	6,185	7,923
Net obligations due in more than 1 year but less than 2 years	2,838	6,185
Net obligations due in more than 2 years but less than 5 years	-	2,838
Net obligations due in more than 5 years	-	-
Total	<u>9,023</u>	<u>16,946</u>

14 Share Capital

	2022		2021	
	No.	£	No.	£
Allotted, called up and fully paid shares				
Ordinary of £1 each	1,700,000	1,700,000	1,700,000	1,700,000

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £47,658 (2021 - £50,786).

Contributions amounting to £nil (2021 - £nil) were payable to the scheme at the year end and are included in creditors

16 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2021 - £nil).

17 Contingent liabilities

The company is an guarantor to the group banking facilities signed in September 2022.

The facility consists of term loans denominated in GBP, USD and EUR currencies and a revolving credit facility.

Term loan facility at inception was £34.5m and the revolving credit facility £3.5m

There is a floating charge over the company's assets in respect of the above guarantees.

18 Parent and ultimate parent undertaking

The company's immediate parent is Carclo plc. These financial statements are available upon request from

Unit 5

Silkwood Court

Osselt

WFS 9TP

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Carclo plc, incorporated in England and Wales.

The address of Carclo plc is:

Unit 5

Silkwood Court

Osselt

WFS 9TP