

**Company Registration No. 05859680 (England and Wales)**

**ACRO AIRCRAFT SEATING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

6th Floor Kings House  
9-10 Haymarket  
London  
United Kingdom  
SW1Y 4BP

**ACRO AIRCRAFT SEATING LIMITED**

**CONTENTS**

---

	<b>Page</b>
Contents	<b>1</b>
Strategic report	2 - 8
Directors' report	9 - 10
Independent auditor's report	11 - 15
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Notes to the financial statements	19 - 41

---

**ACRO AIRCRAFT SEATING LIMITED**

**COMPANY INFORMATION**

---

<b>Directors</b>	N Cairns	
	Y Chen	
	T Plant	(Appointed 1 June 2023)
<b>Secretary</b>	J Fang	
<b>Company number</b>	05859680	
<b>Registered office</b>	Eldon Way Crick Industrial Estate Crick Northampton NN6 7SL	
<b>Auditor</b>	TC Group 6th Floor Kings House 9-10 Haymarket London United Kingdom SW1Y 4BP	
<b>Business address</b>	Eldon Way Crick Industrial Estate Crick Northampton NN6 7SL	

## **ACRO AIRCRAFT SEATING LIMITED**

### **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

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

#### **At a glance**

Acro Aircraft Seating Limited's (the "company" or "Acro") purpose is to be the world leading aircraft seating supplier. We are a leading designer and manufacturer of aircraft seats and spare parts supplying a wide variety of airline customers spanning the globe, through both linefit and retrofit markets. We are headquartered in the United Kingdom, with staff based throughout the world.

Our primary design and manufacturing location is situated in the Midlands in the United Kingdom, with our supply chain spanning the globe.

Due to the COVID-19 pandemic, the aviation industry was significantly impacted. The business during 2020, 2021 and 2022 suffered significant revenue reduction. Customers delayed orders from 2020 into future years. During the second half of 2022, there are signs of recovery in US domestic market predominantly with some signs of recovery in Europe as well, however many markets are still significantly impacted by the pandemic.

The business has taken focussed actions to react to the challenging market and the management team as well as the parent company are determined to invest in the future as the market will eventually recover and the business will be back in to a period of growth.

#### **REVIEW OF BUSINESS**

##### **Our business models**

We strive to set ourselves apart from our competitors by the application of our design and operational approaches. This allows us to offer shorter lead-times, a willingness to customise and adapt our designs to suit our customers' needs and controlling risks through careful management of work scope and activity.

We manage our business by maintaining a range of forward looking, continuous improvement projects that are embedded throughout the organisation and constantly challenging ourselves on what great looks like and forging plans to achieve it.

##### **Our strategy**

We focus on seats for economy, premium economy and short-haul business class along with the associated spares sales. We continue to explore ways to increase our offering to our customers and expect to be able to make some exciting announcements on being able to supply more of the cabin interior to our customers over the coming year and years.

**ACRO AIRCRAFT SEATING LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

Our developing product range is well suited to take advantage of both the expanding market and our growing reputation, and includes:

Series 3:

Our Series 3 seat has previously dominated our product portfolio, with over 130,000 passenger places flying and is available in recline and fixed back variants prior 2022. As the market evolves and customer taste preference changes, this product is slowly becoming obsolete.

Series 6:

In 2017 we launched the Series 6 seat - a comfortable, easily maintainable and lighter economy seat, largely for the single aisle market, in fixed back and recline variants. The first customer deliveries took place in early 2018. In 2021, we focused on developing new generation for Series 6 which will bring more benefit for our customers with greater cost effectiveness. Despite the fact we have made a successful product over the last 4 years, however it has become a non-competitive product in the aerospace industry where most of the customers are seeking a more light weight and sustainable product.

Series 7:

A seat aimed at the twin-aisle, long-haul premium economy market as well as the single-aisle business class market; our new Series 7 is a more generous seat that delivers an impression of luxury whilst remaining true to our design values of simplicity and the creation of living space. Launched in 2017, we delivered our first Series 7 seats to customers in the first half of 2018. The positive reaction in the market place will drive interest in this key area following the market recovering.

Series 9:

The Series 9, a seat without compromise delivers more; a lightweight, robust and comfortable seat with exceptional living space even in high density cabins. The innovative seat architecture is an all-new design. The integrated headrest offers support for passengers of all sizes, the cleverly designed armrest provides additional space where it's needed most, and the fully optimised aluminium alloy structure gives the new Series 9 an impressive pax weight from 7.5kg. This new product was first introduced at Hamburg AIX Trade in June 2022, it is designed to be more robust and is lighter than previous seats. This was our first AIX since 2019 as 2021 had been cancelled due to Covid. Although it was good to see customers and potential customers, it wasn't as busy as we expected as many airlines didn't attend the show due to Covid restrictions or concerns about Covid.

## **ACRO AIRCRAFT SEATING LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **Further development:**

Looking ahead we are constantly reviewing our position in the marketplace and how our offering can best serve our customers and stakeholders. We continue to work closely with Airbus and Boeing but particularly Airbus as well other aircraft manufacturers to see how we can best support their future development resulting in new investments in new offerings over the coming years.

Since March 2020 the business was impacted significantly by COVID-19, however, with the financial backing from the parent company, the business carried out significant restructuring to reduce the cost and minimise the financial impact to the business.

The aerospace industry is still in the grip of Covid with large elements of the worldwide commercial aircraft fleet 'parked' due to low passenger demand. Many airlines are still loss making and consuming large amount of cash and therefore their thoughts are on survival and not on cabin interior upgrades or new aircraft.

The parent company and the management team were determined to invest in potential future growth and therefore the business made a strategic relocation in November 2020. The new premises provide significant additional capacity with better access to resources including skilled employees and is also better positioned in the UK for logistics. Acro also learned lessons already from Covid and we have started vertically integrating some of our supply chain – including all composite manufacture, significant machining capability and cut and sew. This strategic move has demonstrated that the business is looking towards long-term growth.

#### **Key performance**

The overall performance is in line with management expectations in the current economic environment.

#### **Revenue 2022: £24.21m (2021: £32.35m)**

- Sales hit by the Covid-19 impact of the aviation industry
- Further deliveries of Series 6

#### **Gross profit and margins 2022: £6.58m and 27% (2021: £7.10m and 22%)**

- The revenue decreased from the prior year however we had an increased gross margin.

#### **Loss before tax 2022: loss £12.50m (2021: loss £4.62m)**

- Driven by the drop in sales due to the pandemic.
- Increasing in amortisation on investment in product development, which is a part of our strategic plan in order to focus and prepare for the future growth from both the current order book and orders we intend to win.
- Full impairment of development cost

#### **Intangible assets 2022: £0.042m (2021: £7.04m)**

- Full impairment of development cost

## **ACRO AIRCRAFT SEATING LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **Future trends**

The year, despite the continuing impact caused by the pandemic, we continued to further improve the quality of our people, and we continue to be committed to in-depth training and development courses for the leadership team. The Company has furthered its relationship with Airbus, and we continue to be pleased with the strong support Airbus offers us. We are also actively engaged in opportunities to get Acro Boeing line fit offerability as well, which would significantly grow our potential customer base.

As we see further potential market recovery from Covid we will accelerate our market penetration of Series 9 with Acro positioned and prepared for incoming demand challenges because we believe there will be a significant demand for flights after this long pandemic. Acro have appropriate plans and resources in place to deal with the extra demands that this will place on the business from a design and manufacturing capacity point of view and so are well placed to take advantage of the coming opportunities.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board is committed to protecting and enhancing the Company's reputation and assets, while safeguarding the interests of its shareholders. It has overall responsibility for the Company's system of risk management and internal controls. The Company's business is affected by a number of risks and uncertainties that are subject to internal and external factors, some of which we cannot control. Many of the risks are similar to those found by comparable companies in terms of scale and operations.

The risks and uncertainties facing the Company have also been considered in the context of Brexit. We continue to assess the immediate risk from Brexit as low given our global reach, and strong order book and the certainty this gives us in what our customers expect from us over any one six-month horizon. Further we note, that with an ever-growing customer offering in a very large global market for seats, the medium and long term future of the business remains in our hands, and we have every confidence that we will perform well in whatever environment Brexit and its aftermath creates. As such, we consider that the principal risks affecting the Company are unchanged. The Board will, however, continue to closely monitor market conditions and will react accordingly.

#### **Our approach**

Risk management and maintenance of appropriate systems of control to manage risk are the responsibilities of the Board and are integral to the ability of the Company to deliver on its strategic priorities. The Board has developed a framework for risk management that is used to establish a culture of effective risk management throughout the business by identifying and monitoring material risks, setting risk appetite and determining the overall risk tolerance of the Company. This framework has been enhanced this year by the additional rigour that ZTC bring, and additional processes have been developed that will assist the Board to monitor and assess the principal risks throughout the year. The Company's risk management systems are monitored and reviewed regularly by the Board.

#### **Identifying and monitoring material risks**

Material risks are identified through a detailed analysis of individual processes and procedures (bottom-up approach) and a consideration of the strategy and operating environment of the Company (top-down approach).

## ACRO AIRCRAFT SEATING LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### Our principal risks and uncertainties

We have identified the following principal risks and uncertainties:

##### 1. Global Pandemic

Likelihood of occurring: Medium

Potential Impact: The aviation industry has been hit hard by the Covid 19 pandemic and most airlines are deferring or cancelling orders, where they can. Our strong relationship with Airbus has allowed us to continue to deliver seats to the Airbus production line, however, a number of retrofit orders have been pushed out into future years. The effect of this is that the orders have not been cancelled, just delayed for Acro's customers.

Mitigation: We continue to liaise with our Customers to determine the delivery timescales of these orders. Acro works hard with our suppliers to go through this global pandemic period. During the year, Acro has been very proactive to work with our suppliers to manage cashflow to ensure we go through the tough time together. During 2022, with the cash support from Acro's Chinese parent company, Acro has significantly reduced its debt with external creditors in order to maintain good supplier relationships.

##### 2. Material price inflation on costs we incur

Likelihood of occurring: Medium

Potential Impact: Our profitability may decrease if the inflation we experience cannot be offset by sale price increases or savings elsewhere.

Mitigation: We have invested in a dedicated procurement team to source the best components at the most appropriate costs. This includes expanding our global supply base and will increasingly leverage the relationships that our parent company have. Our parent company continues to support by providing the main parts of the product from strategic point of view. The design team is involved to ensure that we fully control any changes needed to components or end products and our quality team are embedded into the process to ensure we continue to produce quality products from quality supplies.

##### 3. Foreign exchange exposure on the items we purchase and the products we sell

Likelihood of occurring: Medium

Potential Impact: Our profitability may increase or decrease if the change in costs or income due to exchange rate fluctuates from that originally expected.

Mitigation: To date the Company has been very successful at ensuring both its supply base and customer base transact in GBP. As such, the current exposure, and therefore risk, remains small. However, it is recognised that as we grow this may not be as possible and as such, we plan to ensure we have a robust foreign exchange strategy along with associated policies and procedures in place to deal with this change.

##### 4. Scaling business processes to match growth

Likelihood of occurring: Low

Potential Impact: Our ability to maximise current opportunities and take advantage of future growth opportunities will be limited due to the delayed effect of the pandemic which will threaten our future profitability.

Mitigation: With the support of our parent company and other external stakeholders, we have accelerated our investment in our processes, policies and people. We will implement vertical procurement integration to increase flexibility and responsiveness to fluctuating demand. The business will also implement lean manufacturing across all production lines to improve productivity. We plan to continue to widen and deepen our relationships with our supplier base, both old and new, to support them as necessary and work with them to ensure our joint processes are as smooth as possible, so that we jointly are able to deal with the planned growth levels.



**ACRO AIRCRAFT SEATING LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**5. Key staff leaving**

Likelihood of occurring: High

Potential Impact: Due to high staff turnover, the business will experience high recruitment agency fees and consultancy fees which will have severe impact to our profitability and cashflow.

Mitigation: Our people are our key asset. In turn we look to reward their hard work with appropriate remuneration and a constant investment in their personal development. This includes significant on the job training, coaching and mentoring supported by specified tailored training programmes. The company continues to offer support to employees with hybrid and flexible working where appropriate to business needs. We believe that results in a workforce that consciously chooses to remain in our employ, which in turn leads to better, faster solutions being developed and implemented. We continue to be Living Wage accredited.

**6. Brexit impact**

Likelihood of occurring: High

Potential Impact: Business will incur increased friction when trading with customers and suppliers within European Union and consequently the business performance will be adversely impacted.

Mitigation: Acro takes a proactive approach to embrace the Brexit challenge. Project team have been setup to monitor challenges caused by Brexit and prepare actions accordingly during this ever-changing period while senior management team review the progress regularly to ensure all agreed actions were completed. Increasingly, our supply chain is Asian based, UK based, or based outside of Europe. Therefore, we have seen minimal disruption due to Brexit. Sales going in to Europe have mostly been on an ex-works basis, therefore the burden of additional documentation sits with the Customer, not with Acro.

**7. Future funding for expansion and development does not materialise**

Likelihood of occurring: High

Potential Impact: The business is unable to exploit emerging opportunities should the market recover more quickly than planned. Hence we might be in the position of not having the right funding in place and are unable to generate our own funds.

Mitigation: We are owned by ZTC, who have global ambitions. They remain committed to the future growth of Acro and subject to their own internal approvals are here to support future product development. We continue to manage our cash flows very carefully to ensure that our objective of earning money to invest money is fulfilled, however the business constantly seeks the growth opportunity in the market and convert into firm sales order to generate cash to support Acro's business plan.

**8. Impact of Climate Change on Customer Demand.**

Likelihood of occurring: Medium

Potential Impact: We note that the climate change movement is gathering pace on a global basis and we are aware that air travel is considered to be a major cause of climate change. In the short term we anticipate that airlines will prefer and challenge seating suppliers for low weight and sustainable products.

Mitigation: We are carrying out multiple projects aimed at reducing the weight of our seats (lower weight = less fuel consumed = lower pollution) and this will form a sizable portion of our USP (Unique Selling Point) going forward. Hence Series 9 will establish a new benchmark in the industry for low weight, sustainability and durability.

**ACRO AIRCRAFT SEATING LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**NON FINANCIAL INFORMATION**

**Culture**

The Board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate. The Board has established honesty, integrity and respect for people as part of our core values. The Code of Conduct helps everyone to act in line with these values and to comply with relevant laws and regulations. The Health, Safety & Environmental policy applies across the business and is designed to ensure that staff always act in the best interests of our people and the environment.

**Stakeholder Engagement**

The Board recognises the important role it must play and is highly committed to stakeholder engagement, this is part of our strategic ambition. The Board strongly believes that Acro will only succeed by working with Customers and Suppliers and sharing knowledge and experience with our stakeholders and acknowledges the impact of ongoing engagement and dialogue.

On behalf of the board

N Cairns

**Director**

8 March 2024

**ACRO AIRCRAFT SEATING LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

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

**Principal activities**

The principal activity of the company continued to be that of design and manufacture of aircraft seats and spare parts supplying a wide variety of airline customers spanning the globe, through both linefit and retrofit markets.

**Results and dividends**

The results for the year are set out on page 16.

The Directors do not intend to declare a dividend for 2022 (2021; £nil).

**Directors**

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

N Cairns	
Y Chen	
J Shi	(Resigned 11 May 2022)
P Strothers	(Resigned 10 June 2023)
T Plant	(Appointed 1 June 2023)

**Financial instruments**

The Company has a robust risk management process that follows a sequence of risk identification, assessment of probability and impact, and owner assignment to manage mitigation activities. The Company's financial instruments fall into one of two categories - receivables at amortised cost (Financial Assets) and loan and other liabilities at amortised cost (Financial Liabilities). More detail on financial instruments is provided in Notes 1.9 and 1.10.

Receivables at amortised costs: these comprise of trade and other receivables, cash and cash equivalents.

Loans and other liabilities held at amortised cost: these comprise trade and other payables, debt and the banking facilities.

These financial instruments are subject to a number of risks. The main types of risk are market risks, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and agrees the policies for managing each of these risks. The Company does not engage in the trading of financial assets for speculative purposes nor does it write options.

**Auditor**

The auditor, TC Group, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ACRO AIRCRAFT SEATING LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

**Strategic Report**

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

**Statement of disclosure to auditor**

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

**Going Concern**

The Directors have considered going concern and more details can be found in Note 1.2.

On behalf of the board

N Cairns  
Director

8 March 2024

**ACRO AIRCRAFT SEATING LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ACRO AIRCRAFT SEATING LIMITED**

---

**Qualified Opinion**

We have audited the financial statements of Acro Aircraft Seating Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its 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 qualified opinion**

*Intangible assets*

IAS 38 sets out the criteria for recognising an intangible asset, which must be met at the time the product development costs are incurred. One of those criteria is that it is probable that the company will generate sufficient revenue to recover the development costs. The company capitalises product development costs on this basis.

IAS 36 requires assets within its scope to be tested for impairment when indicators of impairment exist at the end of a reporting period.

From March 2020, there were operational disruptions to the company's supply chains and the company experienced a significant reduction in revenue, due to the effects of Covid-19.

At this time, management assessed the carrying value of the capitalised development costs and they believed that they had not impaired.

We reviewed management's impairment assessment which included reviewing the cash flow forecasts used by management to perform their impairment assessment, and assessing the key assumptions used by management in their impairment assessment of the development costs.

In our view, the assumptions used by management, when considered together, were overly optimistic and a material impairment charge should have been recognised in the company's financial statements in March 2020; and subsequent expenditure on developing the company's products should have been expensed as incurred on the basis that the criteria for recognising an intangible asset were not met.

Management are now of the opinion that the carrying value of the development costs has impaired but, in our view, have incorrectly recognised the impairment charge in 2022.

In our opinion, the intangible asset relating to the product development costs was overstated by £5.8m at 31 December 2020 and £7m at 31 December 2021, with the deficit on reserves being understated by £5.8m at 31 December 2020 and £7m at 31 December 2021.

**ACRO AIRCRAFT SEATING LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ACRO AIRCRAFT SEATING LIMITED**

---

*Deferred tax*

A deferred tax asset of £0.43m in respect of the future value of the tax losses was recognised in the accounts for the year ended 31 December 2020. By 31 December 2021, the deferred tax asset had increased to £1.47m.

IAS 12 states a deferred tax asset is recognised for an unused tax loss carried forward if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss carry forward can be utilised.

We considered management's assessment of the length of time before the company could likely utilise its tax losses carried forward, and in our view, this is too far away to meet the requirements of IAS 12.

It is on this basis that, in our opinion, a deferred tax asset in respect of the future value of the tax losses should not have been recognised at 31 December 2020 or at 31 December 2021 with the deficit on reserves being understated by a further £0.43m at 31 December 2020 and £1.47m at 31 December 2021.

Management are now of the opinion that a deferred tax asset in respect of the future value of the tax losses should not have been recognised but have reversed it in 2022.

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 qualified opinion.

**Conclusions relating to going concern**

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

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

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

**ACRO AIRCRAFT SEATING LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ACRO AIRCRAFT SEATING LIMITED**

---

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, our audit opinion is qualified for inappropriate recognition of an intangible asset for product development costs, not recognising an impairment charge also in relation to the capitalised product development costs at the appropriate time, and for the inappropriate recognition of a deferred tax asset. Information on intangible fixed assets for product development costs and on the deferred tax asset in the strategic report also omits this information and accordingly we have concluded that the other information is materially misstated for the same reason.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

Except for the matters described in the basis of qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

**ACRO AIRCRAFT SEATING LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ACRO AIRCRAFT SEATING LIMITED**

---

**Responsibilities of directors**

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

**Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.



**ACRO AIRCRAFT SEATING LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ACRO AIRCRAFT SEATING LIMITED**

---

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-re>. This description forms part of our auditor's report.

**Use of our report**

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

**Andrew Wilson ACA FCCA (Senior Statutory Auditor)**

**For and on behalf of TC Group**

**Statutory Auditor**

8 March 2024

Office: London

**ACRO AIRCRAFT SEATING LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>3</b>	24,209	32,346
Cost of sales		(17,630)	(25,240)
<b>Gross profit</b>		6,579	7,106
Distribution costs		(3,180)	(3,701)
Administrative expenses		(9,293)	(7,269)
Impairment losses in relation to capitalised development costs		(5,943)	
Other operating income		180	140
Exceptional items	<b>4</b>	(320)	(353)
<b>Operating loss</b>	<b>5</b>	(11,977)	(4,077)
Interest payable and similar expenses	<b>8</b>	(517)	(545)
<b>Loss before taxation</b>		(12,494)	(4,622)
Tax on loss	<b>9</b>	(1,328)	1,236
<b>Loss and total comprehensive income for the financial year</b>		(13,822)	(3,386)
Total other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		(13,822)	(3,386)

**ACRO AIRCRAFT SEATING LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2022**

		2022	2021
	Notes	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	10	42	7,039
Tangible fixed assets	11	9,575	10,998
		<u>9,617</u>	<u>18,037</u>
<b>Current assets</b>			
Stocks	13	4,973	4,610
Debtors	14	7,011	11,848
Cash at bank and in hand		197	635
		<u>12,181</u>	<u>17,093</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(12,162)</u>	<u>(40,576)</u>
<b>Net current assets/(liabilities)</b>		19	(23,483)
<b>Total assets less current liabilities</b>		<u>9,636</u>	<u>(5,446)</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(6,994)	(8,003)
<b>Provisions for liabilities</b>			
Other provisions	20	(923)	(1,010)
<b>Net assets/(liabilities)</b>		<u>1,719</u>	<u>(14,459)</u>
<b>Capital and reserves</b>			
Called up share capital	22	30	-
Share premium account	23	30,027	57
Other reserves	24	(57)	(57)
Profit and loss reserves		(28,281)	(14,459)
<b>Total equity</b>		<u>1,719</u>	<u>(14,459)</u>

The financial statements were approved by the board of directors and authorised for issue on 8 March 2024 and are signed on its behalf by:

N Cairns  
 Director  
 Company Registration No. 05859680

**ACRO AIRCRAFT SEATING LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

		Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2021</b>		-	57	(52)	(11,073)	(11,068)
<b>Year ended 31 December 2021:</b>						
Loss and total comprehensive income for the year		-	-	-	(3,386)	(3,386)
Transfer to other reserves		-	-	(5)	-	(5)
<b>Balance at 31 December 2021</b>		-	57	(57)	(14,459)	(14,459)
<b>Year ended 31 December 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(13,822)	(13,822)
Issue of share capital	<b>22</b>	30	29,970	-	-	30,000
<b>Balance at 31 December 2022</b>		30	30,027	(57)	(28,281)	1,719

## ACRO AIRCRAFT SEATING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

##### Company information

Acro Aircraft Seating Limited is a private company limited by shares incorporated in England and Wales. The registered office is Eldon Way, Crick Industrial Estate, Crick, Northampton, NN6 7SL. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousands (£'000).

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

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- the requirement of IFRS 7 Financial Instruments: Disclosures;
- the requirement of paragraphs 91-99 of IFRS 13 Fair Value Measurements;
- the requirement of paragraph 52 of IFRS 16 Leases;
- the requirement of the second sentence of paragraph 110 and paragraph 113 (a), 114, 115, 118, 119 (a) to (c), 120 to 12 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 - 136 of IAS 1 Presentation of Financial Statements;
- the requirement of IAS 7 Statement of Cash Flows;
- the requirement 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.

Where required, equivalent disclosures are given in the group accounts of Zhejiang Tiancheng Controls Co. Ltd.

The company has taken advantage of the exemption under section 401 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.

Acro Aircraft Seating Limited is a wholly owned subsidiary of Acro Holdings Limited and the results of Acro Aircraft Seating Limited are included in the consolidated financial statements of Zhejiang Tiancheng Controls Co. Ltd which are available from the website;

<http://www.cninfo.com.cn>

Companies Act 2006 Section 405 permits a subsidiary to be excluded from the consolidation where its inclusion is not material for the purpose of giving a true and fair view. The subsidiary, Acro Seating Inc. (USA) is a dormant company, and the subsidiary Anke Aircraft Seating Shanghai Co., Ltd is not material. These financial statements present information about the company as an individual undertaking and not about the group.

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1 Accounting policies**

**(Continued)**

**1.2 Going concern**

The company made a loss before tax of £12.49m during the year and had net assets of £1.7m as at the balance sheet date.

The ultimate parent and a fellow group undertaking have provided extended credit terms where they are acting as trade suppliers to the company.

The company fully depends on its ultimate parent's financial support, and has received an undertaking that this support will remain available for at least 24 months from the date of signing these financial statements.

The company has received loans of £9.6m from its immediate parent, Acro Holdings Limited during 2023. The company has received an undertaking that this support will remain available for at least 24 months from the date of signing these financial statements.

Based on this, the directors have concluded that the company has adequate resources to continue in its operational existence. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**1.3 Turnover**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discount, returns and value added tax. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer have control of these. The company's activities are described in detail below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company manufactures and sells a range of aircraft seating. Identification of the performance obligations within the contract is a key step to determining accounting under IFRS 15. We consider there is a single type of obligation within our arrangements being either each shipset or delivery of spares. Revenue is recognised at a point in time for both shipsets and spares, in both cases in accordance with the contract with the customer either at the point of delivery or when the goods are available for collection, since none of the criteria for measurement over time are met. In case of shipsets and spares, we have considered the possibility of alternative use, as this is the key consideration under IFRS 15, and have concluded in both cases there is an alternative use, albeit in the case of any shipset there would likely be a requirement for some re-work. The shipset encompasses the design, production and delivery at a point in time as per the customer request of enough of our seats to fill that part of the plan we have been asked to deliver. Spares include the production and delivery at a point in time as per the contract with the customer.

The warranties given are assurance warranties and so are out of scope of IFRS 15, as they relate to assurances that the seats will operate as promised and as set out in the contract. Management do not consider there to be any service type warranties. These warranties are assessed under IAS 37.

---

**1 Accounting policies**

**(Continued)**

**1.4 Intangible assets other than goodwill**

**i) Development costs**

Development cost expenditure on an individual project is recognised as an intangible assets when the company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the effort will generate future economic benefits;
- the availability of resources to complete the asset; and
- ability to reliably measure the expenditure during development.

Research costs are expensed in the statement of comprehensive income as incurred.

**ii) Patents, trademarks and licences**

Patent and licence expenditure is recognised as an intangible asset when the company can demonstrate:

- its intention to complete and its ability to use or sell the patent or licences;
- how the asset will generate future economic benefits;
- the availability of resources to complete the project; and
- the ability to reliably measure the expenditure during development.

Additionally, we consider those costs incurred where we will gain significant competitive advantage and benefit over multiple years from investments in the partners' ability to do business with, such as the costs of becoming offerable with Airbus. The costs are capitalised to the extent the company can demonstrate:

- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to reliably measure the expenditure during development.

To the extent these are not met, the costs are expensed in the Statement of Comprehensive Income as incurred.

**iii) Amortisation**

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Patents, trademarks and licences: 5 to 10 years
- Capitalised development costs: 10 years

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies**

**(Continued)**

**1.5 Tangible fixed assets**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Right-of-use assets**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

**Depreciation**

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	remaining life of the lease
Fixtures and fittings	3 to 5 years
Plant and equipment	5 to 10 years
Motor vehicles	4 years
Demo Seats	2 years
Rights of use assets	remaining life of the lease

Assets under construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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

**1.6 Impairment of tangible and intangible assets**

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.



**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies**

**(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

**1.7 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Stocks are stated at the lower of cost and net realisable value, and after provisions. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials - purchase cost;
- work in progress - cost of direct materials, and labour; and
- finished goods - cost of direct materials, overheads and labour.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**1.8 Cash at bank and in hand**

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

**1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1 Accounting policies**

**(Continued)**

***Financial assets held at amortised cost***

The company's financial assets measured at amortised cost comprise trade and other debtors and cash and cash equivalents in the balance sheet. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within 'Creditors: amounts falling due within one year' financial liabilities on the balance sheet.

***Impairment of financial assets***

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**1.10 Financial liabilities**

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**1.11 Equity instruments**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

**1 Accounting policies**

(Continued)

**1.12 Taxation**

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

**Current tax**

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

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1 Accounting policies**

**(Continued)**

**1.14 Employee benefits**

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

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

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

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.16 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and 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 earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid 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. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

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; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. 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.

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1 Accounting policies**

**(Continued)**

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract. When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

**1.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**2 Critical accounting estimates and judgements**

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

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

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

**Critical judgements**

**Useful lives of property, plant and equipment**

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 1 and details of the useful lives are included within the accounting policy.

---

**2 Critical accounting estimates and judgements**

**(Continued)**

**Useful lives of intangible assets**

Intangible assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue. These estimates are reviewed at least annually and changes to these estimates can result in significant variations in the carrying value and amounts charged to profit or loss. The carrying amount of intangible assets by each class is included in note 1 and details of the useful lives are included within the accounting policy.

**Provisions for warranties and dilapidation, allowances for bad debts and inventory obsolescence**

Provisions for warranties are made with reference to recent trading history and historic warranty claim information and the view of management as to whether warranty claims are expected.

Provisions for dilapidation are made with reference to the building size and assessment of costs to restore the building to its original state.

Allowances for bad debt are determined with consideration given to the aging of receivables, and for inventory obsolescence to the recent and history of customer trading and management experience.

**Impairment of intangible assets**

The Company's accounting policy for impairment of intangible assets is set out in Note 1. Intangible assets are reviewed for impairment annually if events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Revenue recognition**

The Company's revenue recognition policy is set out in Note 1. Management has assessed the application of IFRS 15 using the five step model framework, within which the following critical accounting judgements were made:

- i) Identify the contract with the customer - the contract with the customer is defined and agreed;
- ii) Identify the performance obligations - these are taken to be the separate delivery of shipset or spares;
- iii) Determine the transaction price - defined in the contract as there are no variable elements;
- iv) Allocated the transaction price to the performance obligations - relates to either the shipset or spares;
- v) Recognise revenue when the entity satisfies a performance obligation - at the point in time when the shipset or spares are delivered or made available to the customer as per the contract terms, given the nature of what is being delivered, as this is when the customer gains an economically useful asset.

In the case of shipsets and spares, we have considered the possibility of alternative use, as this is a key consideration under IFRS 15, and concluded that in both cases there is an alternative use albeit in the case of any shipset there would likely be a requirement for some re-work. As a result of this, management consider the design, production and delivery of a shipset or spare parts as the key performance obligation and recognise revenue at a point in time, as none of the criteria for recognition over time are met as an asset is created which has an alternative use.

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**2 Critical accounting estimates and judgements**

**(Continued)**

**Lease**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. The company used incremental borrowing rates of 3% to all the leases.

**3 Turnover**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover analysed by class of business</b>		
Aircraft seating	18,749	29,065
Spare parts and miscellaneous items	5,460	3,281
	<u>24,209</u>	<u>32,346</u>
	<u><u>24,209</u></u>	<u><u>32,346</u></u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	574	585
Europe	5,441	5,879
United States of America	11,368	17,275
Rest of the World	6,826	8,607
	<u>24,209</u>	<u>32,346</u>
	<u><u>24,209</u></u>	<u><u>32,346</u></u>

**4 Exceptional items**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Loan to subsidiary written off	-	(5)
Redundancy and relocation costs	(320)	(348)
	<u>(320)</u>	<u>(353)</u>
	<u><u>(320)</u></u>	<u><u>(353)</u></u>

**ACRO AIRCRAFT SEATING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****5 Operating loss**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(1,642)	(277)
Research and development costs	1,241	723
Fees payable to the company's auditor for the audit of the company's financial statements	40	36
Depreciation of property, plant and equipment	1,903	1,729
Loss on disposal of tangible fixed assets	145	10
Amortisation of intangible assets (included within administrative expenses)	1,123	994
(Profit)/loss on disposal of intangible assets	-	85
Cost of inventories recognised as an expense	15,902	23,011
	<b>=====</b>	<b>=====</b>

**6 Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Production	60	50
Distribution	9	10
Administration	60	60
	<b>=====</b>	<b>=====</b>
Total	129	120
	<b>=====</b>	<b>=====</b>

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,440	4,246
Social security costs	669	624
Pension costs	611	555
	<b>=====</b>	<b>=====</b>
	6,720	5,425
	<b>=====</b>	<b>=====</b>



**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**7 Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	458	478
Company pension contributions to defined contribution schemes	83	73
	<u>541</u>	<u>551</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	312	303
Company pension contributions to defined contribution schemes	38	38
	<u>350</u>	<u>341</u>

**8 Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on other loans	250	259
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	267	286
	<u>517</u>	<u>545</u>

**9 Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(43)
Adjustments in respect of prior periods	-	(243)
Tax expense relating to prior year adjustments recognised in profit or loss	-	(58)
	<u>-</u>	<u>(344)</u>
<b>Total UK current tax</b>	<u>-</u>	<u>(344)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,328	(892)
	<u>1,328</u>	<u>(892)</u>
<b>Total tax charge/(credit)</b>	<u>1,328</u>	<u>(1,236)</u>

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**9 Taxation**

**(Continued)**

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Loss before taxation	(12,494)	(4,622)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(2,374)	(878)
Adjustment in respect of prior years	-	(358)
Unutilised tax losses	2,374	-
Deferred tax adjustment	1,328	-
<b>Taxation charge/(credit) for the year</b>	<b>1,328</b>	<b>(1,236)</b>

**10 Intangible fixed assets**

	<b>Development costs</b>	<b>Patents and licences</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 31 December 2021	9,641	64	9,705
Additions - internally generated	-	69	69
At 31 December 2022	9,641	133	9,774
<b>Amortisation and impairment</b>			
At 31 December 2021	2,639	27	2,666
Charge for the year	1,059	64	1,123
Impairment loss	5,943	-	5,943
At 31 December 2022	9,641	91	9,732
<b>Carrying amount</b>			
At 31 December 2022	-	42	42
At 31 December 2021	7,002	37	7,039

ACRO AIRCRAFT SEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets								
	Leasehold improvements	Assets under construction	Assets under construction and fittings	Plant and equipment	Motor vehicles	Demo	Seatlights of use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 31 December 2021	1,575	59	729	3,234	-	353	9,336	15,286
Additions	74	30	9	273	51	187	-	624
Disposals	-	-	-	(250)	-	-	-	(250)
Other	-	(62)	-	-	-	62	-	-
At 31 December 2022	1,649	27	738	3,257	51	602	9,336	15,660
<b>Accumulated depreciation and impairment</b>								
At 31 December 2021	444	-	335	1,919	-	142	1,448	4,288
Charge for the year	139	-	154	585	11	208	806	1,903
Eliminated on disposal	-	-	-	(106)	-	-	-	(106)
At 31 December 2022	583	-	489	2,398	11	350	2,254	6,085
<b>Carrying amount</b>								
At 31 December 2022	1,066	27	249	859	40	252	7,082	9,575
At 31 December 2021	1,131	59	394	1,315	-	211	7,888	10,998

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**12 Subsidiaries**

At the balance sheet date, the company invested in the following subsidiaries, the total investment was less than £1,000.

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Voting
Acro Aircraft Seating Inc.	USA	Ordinary	100	-
Anke Aircraft Seating (Shanghai) Co., Limited	P.R. China	Ordinary	100	-

**13 Stocks**

	2022 £'000	2021 £'000
Raw materials	4,374	3,628
Work in progress	109	608
Finished goods	490	374
	<u>4,973</u>	<u>4,610</u>

**14 Debtors**

	2022 £'000	2021 £'000
Trade debtors	3,002	6,026
Provision for bad and doubtful debts	(366)	(318)
	<u>2,636</u>	<u>5,708</u>
VAT recoverable	169	457
Amounts owed by group undertakings	1,184	1,226
Other debtors	3	249
Prepayments and accrued income	3,019	2,880
	<u>7,011</u>	<u>10,520</u>
Deferred tax asset	-	1,328
	<u>7,011</u>	<u>11,848</u>

All amounts owed by group companies are unsecured, interest free and repayable on demand.

ACRO AIRCRAFT SEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

**15 Creditors**

		Due within one year		Due after one year	
		2022	2021	2022	2021
	Notes	£'000	£'000	£'000	£'000
Loans and overdrafts	16	1,999	2,826	-	-
Creditors	17	8,972	36,608	-	-
Taxation and social security		220	242	-	-
Lease liabilities	18	971	900	6,994	8,003
		<u>12,162</u>	<u>40,576</u>	<u>6,994</u>	<u>8,003</u>

Amounts owed to group undertakings are unsecured and interest bearing.

**16 Loans and overdrafts**

	2022	2021
	£'000	£'000
<b>Borrowings held at amortised cost:</b>		
Bank loans	1,999	2,826
	<u>1,999</u>	<u>2,826</u>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Secured borrowings included above:</b>		
Bank loans	(1,999)	(2,826)
	<u>(1,999)</u>	<u>(2,826)</u>

The bank loans were repaid in 2023.

**17 Creditors**

	2022	2021
	£'000	£'000
Trade creditors	3,919	4,009
Amounts owed to group undertakings	2,741	29,925
Accruals and deferred income	2,105	2,611
Other creditors	207	63
	<u>8,972</u>	<u>36,608</u>

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**18 Lease liabilities**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Maturity analysis</b>		
Within one year	971	900
In two to five years	2,420	2,889
In over five years	4,574	5,114
	<u>          </u>	<u>          </u>
<b>Total undiscounted liabilities</b>	<b>7,965</b>	<b>8,903</b>
	<u>          </u>	<u>          </u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Current liabilities	971	900
Non-current liabilities	6,994	8,003
	<u>          </u>	<u>          </u>
	<b>7,965</b>	<b>8,903</b>
	<u>          </u>	<u>          </u>

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	267	286
	<u>          </u>	<u>          </u>

Other leasing information is included in note 26.

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**19 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>Tax losses £'000</b>
Deferred tax asset at 1 January 2021	(436)
<b>Deferred tax movements in prior year</b>	
Credit to profit or loss	(892)
	<hr/>
Deferred tax asset at 1 January 2022	(1,328)
<b>Deferred tax movements in current year</b>	
Other	1,328
	<hr/>
Deferred tax liability at 31 December 2022	<hr/> <hr/> -

**ACRO AIRCRAFT SEATING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****20 Provisions for liabilities**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
	923	1,010
	<b>=====</b>	<b>=====</b>
Movements on provisions:		<b>£'000</b>
At 1 January 2022		1,010
Additional provisions in the year		204
Reversal of provision		(291)
		<b>=====</b>
At 31 December 2022		923
		<b>=====</b>

The current warranty provision is £439k (2021: £600k).

The dilapidation provision of £440k (2021: £410k) relates to the leased property at Old Brighton Road, Lowfield Heath, Crawley, lease ending on 31 December 2024. The dilapidation provision of £44k (2021: £nil) relates to the leased property at Eldon Way, Crick, Northampton, lease ending December 2035.

**21 Retirement benefit schemes****Defined contribution schemes**

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

The total costs charged to income in respect of defined contribution plans is £611k (2021: £555k).

**22 Share capital**

At the balance sheet date, the Company has three classes of share - Ordinary, Ordinary A and Treasury shares.

**Ordinary shares**

On 31 October 2017, the Company re-designated its Ordinary A shares, Ordinary B shares, and Ordinary C shares to Ordinary shares, in a total of 302,778 Ordinary shares at £0.001 each.

On 22 December 2022, the Company issued 30,000,000 Ordinary shares of £0.001 each, at a premium of £0.999 per share to its immediate parent, Acro Holdings Limited, for cash consideration of £30,000,000.

**Ordinary A shares**

On 31 October 2017, 1,000 Ordinary A shares were allotted to the company's key personnel, and fully paid at £57 each, par value was £0.001 each.



**ACRO AIRCRAFT SEATING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****22 Share capital****(Continued)****Treasury shares**

On departure of any key personnel, the company purchased back their Ordinary A shares and held as the company's treasury shares.

During the financial year, the shareholders of the Company approved to repurchase nil (2021: 94) Ordinary A shares in a sum of nil (2021: £5,358), pursuant to the provisions of Section 659 of the Companies Act 2006 and The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003. The repurchased shares held as treasury shares may be distributed as share dividends, reissued, cancelled or any combination of the three opinions.

As treasury shares, the rights attached as to voting, dividends, participation in other distribution and otherwise are suspended, and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes, including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting, and the result of a vote on a resolution at a meeting.

**23 Share premium account**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	57	57
Issue of new shares	29,970	-
	<u>          </u>	<u>          </u>
At the end of the year	<b>30,027</b>	<b>57</b>
	<u><u>          </u></u>	<u><u>          </u></u>

In December 2022, Acro Aircraft Seating Limited issued 30,000,000 ordinary shares of £0.001 each at a premium of £0.999 per share to its immediate parent, Acro Holdings Limited, for cash consideration of £30,000,000.

**24 Other reserves**

	<b>Total</b>
	<b>£'000</b>
Balance at 1 January 2021	(52)
Movement	(5)
	<u>          </u>
Balance at 31 December 2021	(57)
	<u>          </u>
Balance at 31 December 2022	(57)
	<u><u>          </u></u>
Other reserves relate to the company purchasing its own shares, held as treasury shares.	

**ACRO AIRCRAFT SEATING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****25 Contingent liabilities**

In the event of any monies becoming due to HSBC from the company, HSBC has a fixed and floating charge over the assets of the company.

**26 Other leasing information****Lessor**

The operating lease income represent short term rental leases to third parties, details are as follows;

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts recognised in profit or loss include the following:		
Income from subleasing right-of-use assets	180	140

Information relating to lease liabilities is included in note 18.

**27 Related party transactions****Remuneration of key management personnel**

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Short-term employee benefits	458	478
Post-employment benefits	83	73
	<u>541</u>	<u>551</u>

**Related party disclosures**

The following amounts were outstanding at the reporting end date:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to related parties		
Amounts owed to group undertaking	<u>2,741</u>	<u>29,925</u>

**ACRO AIRCRAFT SEATING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**27 Related party transactions (Continued)**

	2022	2021
	£'000	£'000
<b>Amounts due from related parties</b>		
Ultimate parent company	1,184	1,098
Immediate parent company	-	128
	<u>1,184</u>	<u>1,226</u>

**Other information**

The amounts due from the ultimate and immediate parent companies represent the recharge of services provided by the company, charge for the year amounted to £86k (2021: £170k) and £28k (2021: £32k) respectively.

At the year end, the amount due from the intermediate parent company was £1.184m (2021: £1.098m) and from the immediate parent company £nil (2021: £128k). These balances are unsecured, interest free and repayable on demand (Note 14).

The amounts owed to group undertakings represent various short term loan and trade payable balances.

The loans bear interest rates of 0.5% or 1%. Interest charge in 2022 amounted to £125k (2021: £144k). These loans were repaid during the year. At the year end, amounts owed to group undertakings were £2.741m (2021: £29.925m) (Note 17).

**28 Controlling party**

The immediate parent company is Acro Holdings Limited, a company registered in the UK.

The ultimate parent company is Zhejiang Tiancheng Controls Co. Ltd, a company registered in China and floated in the Shanghai stock exchange (ticker symbol 603085 on [en.china-tc.com](http://en.china-tc.com)).

The ultimate controlling party is Mr Bangrui Chen.

The smallest and largest undertaking for which the Company is a member and for which group financial statements are prepared is Zhejiang Tiancheng Controls Co. Ltd.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.