

Brookhouse Aerospace Limited

Registered number: 01898700

Annual report and financial statements

For the year ended 31 March 2022

BROOKHOUSE AEROSPACE LIMITED

COMPANY INFORMATION

Directors	C J Morris (resigned 31 October 2022) M P Rossiter K I Worth Nord Aerospace Bidco Limited
Registered number	01898700
Registered office	India Mill Darwen Lancashire BB3 1AD
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE
Bankers	HSBC UK 2nd Floor Landmark St. Peter's Square Manchester M1 4PB

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

Introduction

The directors present their Strategic Report on the Company for the year ended 31 March 2022.

Principal Activities

The principal activities of the Company are the manufacture and repair of composite components and the manufacture, assembly and surface treatment of metallic components and sub-assemblies for the Aerospace industry.

Business review

Our Strategic goals for the Company are built upon the objectives of (i) differentiating our value proposition, by utilising a wide set of capabilities inclusive of design and process expertise, to develop a single point manufacturing and supply provision for our customers; (ii) increasing scale by investment in new capability and competencies; (iii) diversifying our customer portfolio across multiple end markets; and (iv) developing our people and infrastructure.

In order to achieve these objectives, we focus our efforts on improving the balance between commercial and defence programme content and customers while also leveraging our broad capabilities to develop and expand other market positions.

The Company aims to offer a complete service solution with full engineering support from concept to serial production delivery of detailed parts; Metallic, Composites, Sub Assembly or Assembly. We also offer a dedicated repair and spares capability. The Company is a major supplier to leading aerospace manufacturing companies, with supply positions on many key aircraft programmes. Our strengths are the impressive collective capability that we have to offer, together with a highly skilled and motivated workforce. These two assets have been carefully integrated to achieve optimum performance and outstanding value for money for our customers.

In-house facilities consist of six computer-controlled autoclaves, 'A & C' Scan NDT and Mechanical Testing Equipment, three Extensive Cleanrooms with controlled environment, up to 4 metre CMM Capacity, Aerospace Grade 3D printing, CAD Systems operating on Industry Standard Software, Vacuum Forming Machines, monolithic kit cutting and nesting and numerous manufacturing processes such as Laminating, Machining, Acrylic Forming Thermal & Acoustic Insulation, Detail Fitting and Paint Finishing.

The Company also offers an extensive metallic components manufacturing capability, including machining, fabrication, welding, press forming, dye penetrant NDT, fully automated metal surface treatments and extensive paint booth capabilities.

Whilst the Company continued to be impacted by the effects of COVID-19 on the global aerospace industry, with top line revenues on Civil platforms remaining down on periods prior to the pandemic, the Company reports a significant positive swing in underlying financial performance. During the period covered by this report, the Company has successfully implemented a number of the strategic steps, following the management led buy-out in February 2021, which has assisted in the enhanced financial performance. Investment in new machinery and technology, which is core to the strategic plan, has driven increased margin and enhanced the customer offering and value added proposition.

While the sector and the Company face a number of challenges as the world and the UK recovers from the impact of COVID-19 on the aviation and commercial aerospace market, the Directors believe Brookhouse Aerospace is well placed at the forefront of the recovery, with a restructured cost base and investment commitments made on development of automation, to increase competitiveness in a difficult market. Recent industry reports present the green shoots of recovery in the sector, which is further supported by the published build rates of the primes, presenting ramp up through 2025.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Following a successful first year of trading as an SME, in what is still a difficult market, the Directors are satisfied the Company is on track to increase profitability and deliver on its financial plans.

Principal risks and uncertainties

The Company operates in a changing economic and technological environment that presents risks, many of which are driven by factors that we cannot control or predict. The key risks and uncertainties facing the Company are:

- Economic, political and market conditions, and in particular acts of terrorism affecting the aerospace markets.
- As a result of changes in the competitive landscape we may have to change our pricing models to compete successfully on future programmes.
- On 1 January 2021 the UK formally left the EU. The Company continues to monitor export and import regulations which could have an impact on the Company.
- COVID-19 has heavily impacted the commercial aerospace sector, one of the Company's operating markets. The directors continue to monitor the impact of COVID-19 on international and domestic air travel and subsequently commercial aircraft build rates. It is our view that it may take several years for the commercial aerospace sector to recover to pre-COVID levels.

Financial Risk Management

The Company's principal financial instruments comprise of cash and cash equivalents and related party balances. Other financial assets and liabilities such as trade debtors and trade creditors arise directly from the Company's operating activities. The main purpose of these financial assets and liabilities is to provide finance for the Company's on-going operations.

The main risk associated with the Company's financial assets and liabilities are cash flow and liquidity risk, credit risk and currency risk as summarised below.

Credit risk

The Company's policy is to require assessments of customers credit worthiness prior to their being accepted as a credit customer. Payment histories are monitored on a continuous basis to mitigate credit risk. The directors set limits for customers based on a combination of payment history and third party references.

Cash flow and liquidity risk

The Company's finances are monitored by the directors on an ongoing basis. The directors assess the companies cash requirements by assessing short term and long term forecasts.

Currency risk

The Company does not enter into formal hedging arrangements or utilise other financial instruments to manage currency risk. The Company operates a natural hedging policy reviewing forecasted foreign cash inflows and outflows. A number of customer contracts contain currency risk provisions to also mitigate this risk.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Impact of Ukraine Crisis

On the 24 February 2022 Russian Forces entered Ukraine, resulting in reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential consequences of the war and economic consequences, including sanctions, on the business and concluded that the greatest impact on the business is potentially expected from the general slow down of the general economy. The Group's going concern assessment took into consideration identified risks.

Financial key performance indicators

	Year to 31 March 2022	Year to 31 March 2022 excluding exceptional items	15 months to 31 March 2021	15 months to 31 March 2021 excluding exceptional items
Turnover	£17.1m	£17.1m	£24.6m	£24.6m
Gross margin	£2.6m	£2.6m	£(0.6)m	£0.6m
Gross margin %	15.2%	15.2%	(2.4)%	2.4%
Selling, general & admin expenses	£2.6m	£2.3m	£10.1m	£4.9m
EBITDA	£4.0m	£0.8m	£(8.7)m	£(2.3)m
Operating profit/(loss)	£3.4m	£0.1m	£(10.3)m	£(3.8)m
Net assets	£5.1m	£5.1m	£1.7m	£1.7m
Cash & cash equivalents	£0.4m	£0.4m	£1.8m	£1.8m
Full time equivalents (Employees)	171	171	207	207

Turnover for the financial year was £17,071,000, down 13% on the previous period (2021 pro-rated: 12m £19,712,000), with the impact of COVID-19 on the commercial sector offering limited order book recovery or growth in the period. The operating profit for the period of £3,363,000, includes £3,331,000 of other income, being the waiver of an intercompany payable due to a former intermediary holding company. Also included are exceptional items of £114,000, which management have added back in the table above to present an EBITDA excluding exceptional items of £783,000, presenting a 150% improvement on the prior 12 month period, despite a 13% reduction in top line revenues and the continued impact of the COVID pandemic on the Company.

During the period the Company incurred £183,000 of management charges payable to an ultimate controlling interest. In the prior financial period the Company incurred management charges of £569,000 from the previous ultimate parent undertaking and disposed of assets at a loss of £403,000, for which it no longer had use of, post the change in ultimate control. As such, excluding these items the EBITDA (excluding exceptional items) is £783,000 (2021: loss £1,295,000).

Reported net assets at the balance sheet date are £5,068,000, which include liabilities due to related party undertakings. The net assets excluding related party payables are £7,325,000 at the balance sheet date.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

The Long Term

Each year, the Board undertakes an in-depth review of the Company's strategy, including a business plan for the subsequent five years. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions and also the future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long term reputation.

Employees

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Environment

The Company recognises its obligations as a corporate citizen to carry out its activities in ways that are consistent with and contribute to a clean and safe environment. It is, therefore, the policy of the Company, as set out within Environmental Policy Guide (the "Environmental Guide"), that all of its employees comply with applicable environmental laws and regulations.

Business Relationships

The directors continually seek to maintain and develop strong and mutually beneficial relationships with the Company's suppliers and customers. The Company engages regularly with its customers and suppliers through face to face and tele-conference meetings, in order to ensure its strategy and values are aligned with customer needs. The Company maintains strong relationships with and actively contributes to industry bodies.

High standards of business conduct

The directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the Company's Code of Conduct, with refresher training performed annually. Compliance policies include, but are not limited to; Anti-Bribery and Anti-Trust, Human Trafficking, The U.K Modern Slavery Act and Export and Trade.

Corporate Governance

The Board is committed to ensuring that a strong governance framework operates throughout the Brookhouse Group and recognises that good governance is a vital component to support management in the delivery of the Company's strategic objectives.

As such, the Board has implemented an approach which the Directors consider appropriate with regard to the Group's size and activities. The process of developing and implementing high standards of corporate governance suitable for the Company is ongoing and dynamic to reflect changes in the Company and its business.

This report was approved by the board on 8 December 2022 and signed on its behalf.

M P Rossiter
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £3,363,000 (15 month period ended 31 March 2021 - loss £10,328,000).

The directors who served during the year were:

C J Morris (resigned 31 October 2022)
M P Rossiter
K I Worth
Nord Aerospace Bidco Limited

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Company continues to meet its day-to-day working capital requirements using its current resources and external lines of credit, arranged and implemented during the period. The Company's forecasts and projections, taking into account reasonably possible changes in the civil aerospace market, show that the Company will be able to operate within the levels of its cash resources and limits on arranged facilities. The recovery of the civil aerospace market could take several years, before the volumes reach levels seen pre the COVID-19 pandemic, however industry reports and published aircraft build rates, demonstrate the ambition of the Primes to recover the market quickly. Confidence in air travel and relaxing of international travel restrictions has boosted the civil aerospace sector. The Company is well positioned at the forefront of the civil sector recovery, which is evident in a significant increase in pipeline opportunities across a number of civil platforms over the last 12 months.

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. The Company therefore, continues to adopt the going concern basis in preparing its financial statements.

Future developments

In the future the Company will continue to differentiate the value proposition and leverage business capabilities both organically and acquisitively, to provide customers with a single source for a broad array of products and services. Whilst actively seeking to develop market position across other sectors outside of Aerospace.

Engagement with employees

Employee consultation and involvement

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal, and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disabled employees

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff being disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

BROOKHOUSE AEROSPACE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

This report was approved by the board on 8 December 2022 and signed on its behalf.

M P Rossiter
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKHOUSE AEROSPACE LIMITED

Opinion

We have audited the financial statements of Brookhouse Aerospace Limited (the 'Company') for the year ended 31 March 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 a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

Other information

The other information comprises the information included in the Strategic 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKHOUSE AEROSPACE LIMITED

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKHOUSE AEROSPACE LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend either 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.

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

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

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, noncompliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROOKHOUSE AEROSPACE LIMITED

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

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

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

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

Use of the audit report

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

Chris Martin (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

One St. Peter's Square

Manchester
M2 3DE

8 December 2022

BROOKHOUSE AEROSPACE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

		31 March 2022 £000	15 month period ended 31 March 2021 £000
Turnover	4	17,071	24,640
Cost of sales (including exceptional items of £Nil (2021: £1,200,000)) - See note 7		(14,453)	(25,281)
Gross profit/(loss)		<u>2,618</u>	<u>(641)</u>
Administrative expenses (including exceptional items of £114,000 (2021: £5,280,000)) - See note 7		(2,586)	(10,147)
Other operating income (including exceptional items of £3,331,000 (2021: £Nil)) - See note 7	5	3,331	460
Operating profit/(loss)	6	<u>3,363</u>	<u>(10,328)</u>
Profit/(loss) before tax		3,363	(10,328)
Tax on profit/(loss)	10	-	-
Profit/(loss) for the financial year		<u>3,363</u>	<u>(10,328)</u>
Other comprehensive income for the year			
Unrealised surplus/(deficit) on revaluation of tangible fixed assets		28	(44)
Total comprehensive income for the year		<u><u>3,391</u></u>	<u><u>(10,372)</u></u>

All the results are from continuing operations.

The notes on pages 15 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	11	340	241
Tangible assets	12	3,463	3,759
		<u>3,803</u>	<u>4,000</u>
Current assets			
Stocks	13	2,634	2,729
Debtors: amounts falling due within one year	14	5,221	5,146
Cash at bank and in hand	15	408	1,840
		<u>8,263</u>	<u>9,715</u>
Creditors: amounts falling due within one year	16	(6,802)	(11,842)
		<u>1,461</u>	<u>(2,127)</u>
Net current assets/(liabilities)			
		<u>1,461</u>	<u>(2,127)</u>
Total assets less current liabilities			
		<u>5,264</u>	<u>1,873</u>
Provisions for liabilities			
Other provisions	17	(196)	(196)
		<u>(196)</u>	<u>(196)</u>
Net assets			
		<u><u>5,068</u></u>	<u><u>1,677</u></u>
Capital and reserves			
Called up share capital	18	250	250
Revaluation reserve	19	958	930
Profit and loss account	19	3,860	497
		<u>5,068</u>	<u>1,677</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 December 2022.

M P Rossiter

Director

The notes on pages 15 to 32 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020 (as previously stated)	250	-	10,349	10,599
Prior year adjustment	-	1,450	-	1,450
At 1 January 2020 (as restated)	<u>250</u>	<u>1,450</u>	<u>10,349</u>	<u>12,049</u>
Comprehensive income for the period				
Loss for the period	-	-	(10,328)	(10,328)
Deficit on revaluation of other fixed assets	-	(44)	-	(44)
Transfer to profit and loss account	-	(476)	476	-
Total comprehensive income for the period	<u>-</u>	<u>(520)</u>	<u>(9,852)</u>	<u>(10,372)</u>
At 1 April 2021	250	930	497	1,677
Comprehensive income for the year				
Profit for the year	-	-	3,363	3,363
Surplus on revaluation of other fixed assets	-	28	-	28
Total comprehensive income for the year	<u>-</u>	<u>28</u>	<u>3,363</u>	<u>3,391</u>
At 31 March 2022	<u><u>250</u></u>	<u><u>958</u></u>	<u><u>3,860</u></u>	<u><u>5,068</u></u>

The notes on pages 15 to 32 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

Brookhouse Aerospace Limited ("the Company") is a private limited Company, limited by shares, registered number 01898700, and registered in England & Wales. The address of its registered office and principal place of business is India Mill, Darwen, Lancashire, BB3 1AD.

The principal activity of Brookhouse Aerospace Limited is to manufacture and repair composite components and the manufacture, assembly and surface treatment of metallic components and sub assemblies for the aerospace industry.

These financial statements are reporting on a 12 month period to 31 March 2022, where as the prior year is on a 15 month period to 31 March 2021. Therefore, not directly comparable.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nord Aerospace Holdings Limited as at 31 March 2022 and these financial statements may be obtained from the Company's registered office.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The Company continues to meet its day-to-day working capital requirements using its current resources and external lines of credit, arranged and implemented during the period. The Company's forecasts and projections, taking into account reasonably possible changes in the civil aerospace market, show that the Company will be able to operate within the levels of its cash resources and limits on arranged facilities. The recovery of the civil aerospace market could take several years, before the volumes reach levels seen pre the COVID-19 pandemic, however industry reports and published aircraft build rates, demonstrate the ambition of the Primes to recover the market quickly. Confidence in air travel and relaxing of international travel restrictions has boosted the civil aerospace sector. The Company is well positioned at the forefront of the civil sector recovery, which is evident in a significant increase in pipeline opportunities across a number of civil platforms over the last 12 months.

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. The Company therefore, continues to adopt the going concern basis in preparing its financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest £1,000.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the Company used the furlough scheme. The income from the furlough scheme has been recognised within 'Other operating income'. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received. The accrued element of grants is included in debtors as accrued income.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax arises from the timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in period different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their useful economic life which is estimated to be 7 years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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 by management.

Tangible fixed assets under the revaluation model are assessed for their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Categories included under the revaluation model within these financial statements are plant and machinery and assets under construction.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 5 - 10%
Fixtures and fittings	- 10%
Computer equipment (included within plant and machinery)	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are not depreciated until they are completed.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic experience and other factors 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.

i) Useful economic lives of properties, plant and equipment

The annual depreciation charges for property, plant and equipment is sensitive to changes in estimated useful economic lives of the assets. The useful lives of the assets are reviewed on an annual basis and amended where necessary to reflect current estimates.

ii) Stock provisioning

The Company manufactures and assembles components and sub-assemblies for the Aerospace industry. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. Management consider the nature and condition of the stock and apply assumptions around future demand when calculating the level of provisioning required.

iii) Debtor provisioning

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing recoverability, management considers factors including the credit rating of the debtor, the age profile of the receivable and historic experience.

iv) Intangible fixed assets and amortisation

Intangible fixed assets are shown at cost, net of amortisation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributed to bringing the asset to its working condition for its intended use.

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their useful economic live which is estimated to be 7 years.

v) Contract assets

Non recurring contract costs incurred to fulfil specific contracts and other related contract assets to include inventory held for specific projects, amount to £11,000 (2021: £143,000), and are measured at transaction price. The costs are amortised over the contract period, or number of shipments. Costs are reviewed for impairment in line with contract performance. Where contract assets are included in a claim, management assess the recoverability based on the facts and circumstances at the balance sheet date, which when resolved in future periods, could result in a materially different outcome.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Turnover

Analysis of turnover by country of destination:

	31 March 2022 £000	15 month period ended 31 March 2021 £000
United Kingdom	13,244	19,811
Rest of Europe	1,993	3,784
USA	1,165	646
Rest of the world	669	399
	<u>17,071</u>	<u>24,640</u>

5. Other operating income

	31 March 2022 £000	15 month period ended 31 March 2021 £000
Other operating income	3,331	-
Government grants receivable	-	460
	<u>3,331</u>	<u>460</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	31 March 2022 £000	15 month period ended 31 March 2021 £000
Hire of other assets - rentals payable under operating leases	412	772
Management charges - previous US ultimate parent undertakings	-	569
Management charges - UK ultimate parent undertakings	183	34
Depreciation of owned tangible fixed assets	565	1,266
Amortisation of owned intangible assets	65	315
Loss on sale of assets	-	403
Exceptional items (see below)	(3,217)	6,480
Net foreign exchange gain	(12)	(154)
Auditors' remuneration - statutory audit services	49	38
Auditors' remuneration - non-audit services	12	10
Exceptional items:		
Restructuring expense	57	2,437
Waiver of intercompany loan (payable)/receivable	(3,331)	1,944
Redundancy costs	57	568
Impairment write off of inventory	-	1,531

7. Exceptional items

Exceptional items incurred during the current year and prior financial period have been disclosed separately due to their nature and/or materiality. In the period ended 31 March 2022, net exceptional income totalled £3,217,000. During the year an intercompany payable of £3,331,000, due to a former intermediary holding company was formally waived. An IT expense of £57,000 (£52,000) was incurred from the former Ultimate Parent Undertaking, in the form of a transitional services agreement. This agreement ended in July 2021. Redundancy costs incurred during the year totalled £57,000 (2021: £568,000).

In addition to £568,000 of redundancy costs in the period ended 31 March 2021, the Company incurred a further £5,912,000 of exceptional items. Restructuring costs totalled £52,000, for prepaid insurance and IT expenses, which ceased on change in control of the ultimate parent undertaking. The Company impaired an intercompany receivable totalling £1,944,000, representing loan interest paid to the former ultimate parent undertaking, on behalf of an intermediary holding company. Impairment of stock totalled £1,531,000, following a recoverability assessment of stock transferred from a sister company in the financial year ended 31 December 2018 and other items held within stock at the period end. Contract receivables totalling £2,385,000, previously disclosed within contract assets, inventory and retentions were written off, following the assignment of the associated rights and obligations of the contract to the former Ultimate Parent Undertaking on a change in the ultimate control on 2 February 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Employees

Staff costs were as follows:

	31 March 2022 £000	15 month period ended 31 March 2021 £000
Wages and salaries	5,642	7,737
Social security costs	534	754
Cost of defined contribution scheme	202	274
Restructuring expense	57	568
	<u>6,435</u>	<u>9,333</u>

The average monthly number of employees, including the directors, during the year was as follows:

	31 March 2022 No.	15 month period ended 31 March 2021 No.
Production	155	187
Administration	16	20
	<u>171</u>	<u>207</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

9. Directors' remuneration

	31 March 2022 £000	15 month period ended 31 March 2021 £000
Directors' emoluments	273	450
Pension contributions	32	82
	<hr/>	<hr/>
	305	532
Highest paid director		
Gross	160	270
Pension	18	70
	<hr/>	<hr/>
	<u>178</u>	<u>340</u>

10. Taxation

	31 March 2022 £000	15 month period ended 31 March 2021 £000
Taxation on profit on ordinary activities	<hr/> <u>-</u>	<hr/> <u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	31 March 2022 £000	15 month period ended 31 March 2021 £000
Profit/(loss) on ordinary activities before tax	<u>3,363</u>	<u>(10,328)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	639	(1,962)
Effects of:		
Expenses not deductible for tax purposes	-	369
Fixed asset differences	(25)	267
Income not taxable for tax purposes	(633)	(1)
Deferred tax not recognised	1,298	1,685
Remeasurement of deferred tax for changes in tax rates	(1,446)	(358)
Group relief surrendered	167	-
Total tax charge for the year/period	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

Deferred tax

A deferred tax asset of £6,245,000 (2021: £4,664,000) has not been recognised in respect of current and prior year trading losses and accelerated capital allowances. Management have concluded that the company is not expected to utilise a significant amount of the tax losses in the short term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

11. Intangible assets

	Computer software
	£000
Cost	
At 1 April 2021	393
Additions	164
	<hr/>
At 31 March 2022	557
	<hr/>
Amortisation	
At 1 April 2021	152
Charge for the year	65
	<hr/>
At 31 March 2022	217
	<hr/>
Net book value	
At 31 March 2022	<u>340</u>
At 31 March 2021	<u>241</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Assets under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2021	10,352	2,044	230	12,626
Additions	149	29	90	268
At 31 March 2022	<u>10,501</u>	<u>2,073</u>	<u>320</u>	<u>12,894</u>
Depreciation				
At 1 April 2021	7,404	1,462	-	8,866
Charge for the year	422	143	-	565
At 31 March 2022	<u>7,826</u>	<u>1,605</u>	<u>-</u>	<u>9,431</u>
Net book value				
At 31 March 2022	<u><u>2,675</u></u>	<u><u>468</u></u>	<u><u>320</u></u>	<u><u>3,463</u></u>
At 31 March 2021	<u><u>2,947</u></u>	<u><u>582</u></u>	<u><u>230</u></u>	<u><u>3,759</u></u>

13. Stocks

	2022	2021
	£000	£000
Raw materials and consumables	1,707	1,905
Work in progress (goods to be sold)	722	581
Finished goods and goods for resale	205	243
	<u>2,634</u>	<u>2,729</u>

There is no significant difference between the replacement costs of inventory and its carrying amount.

Stock recognised in cost of sales during the year as an expense was £8,545,000 (2021: £10,488,000).

Stocks are stated after provisions for impairment of £1,577,000 (2021: £1,530,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Debtors

	2022	2021
	£000	£000
Trade debtors	4,315	3,744
Other debtors	623	919
Prepayments and accrued income	283	483
	<u>5,221</u>	<u>5,146</u>

Other debtors includes £536,000 (2021: £831,000) of non-recurring costs which are recoverable over the life of a programme or over a specified timescale.

An impairment loss of £106,000 (2021: £70,000) was recognised against trade debtors.

15. Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	<u>408</u>	<u>1,840</u>

16. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Shareholder loans	1,750	3,250
Trade creditors	1,756	2,265
Invoice discounting	492	-
Amounts owed to group undertakings	507	3,332
Other taxation and social security	614	628
Finance leases	327	264
Accruals and deferred income	1,356	2,103
	<u>6,802</u>	<u>11,842</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

17. Provisions

	Dilapidation provision £000
At 1 April 2021	196
At 31 March 2022	<u>196</u>

As part of the Company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease. The cost is charged to the profit and loss as the obligation arises.

18. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
250,000 (2021 - 250,000) Ordinary shares shares of £1.00 each	<u>250</u>	<u>250</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

19. Reserves

Revaluation reserve

The revaluation reserve represents cumulative gains recognised on the revaluation of fixed assets.

Profit and loss account

The profit and loss reserve represents cumulative profits and losses made less any dividends declared.

20. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the period ended 31 March 2022 represents the contributions payable by the Company to the scheme and amounted to £201,000 (2021: £261,000). There were outstanding contributions at end of the financial year of £27,000 (2021: £77,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

21. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£000	£000
Payments due: Land and buildings		
Within one year	391	391
In two to five years	261	651
	<u>652</u>	<u>1,042</u>
Payments due: Other		
Within one year	21	15
In two to five years	31	17
	<u>52</u>	<u>32</u>

Securities:

An all assets debenture is secured by Close Brothers Limited by way of a fixed charge over all the non-vesting debt (current and future) of Brookhouse as well as all other debt (current and future).

22. Related party transactions

The Company has taken advantage of the exemption permitted by Section 33 'Related Party Disclosures' not to provide disclosures of transactions entered into with fellow group companies.

23. Controlling party

The Company is a wholly owned subsidiary of Nord Aerospace Bidco Limited. The ultimate controlling party is Vaalon Capital Green Lp, a limited Partnership registered number Lp021452, registered in England & Wales. The address of its registered office and principal place of business Ariel House 1st Floor, 74a Charlotte Street, London, United Kingdom, W1T 4QJ.

The Company is consolidated within Nord Aerospace Holdings Limited financial statements and copies can be obtained upon request from the group's registered office, Ariel House 1st Floor, 74a Charlotte Street, London, United Kingdom, W1T 4QJ.

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.