

Company Registration No. 01876136 (England and Wales)

**PEARSON ENGINEERING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2024**

TUESDAY



\*AEØICKAZ\*

A3

15/04/2025

#262

COMPANIES HOUSE

# PEARSON ENGINEERING LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	Y A Aron J M Hutton N Pope I Bell M Tzvi
<b>Secretary</b>	L Shechter Nakash
<b>Company number</b>	01876136
<b>Registered office</b>	Armstrong Works Scotswood Road Newcastle upon Tyne NE15 6UX
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne United Kingdom NE1 4AD

---

# PEARSON ENGINEERING LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1 - 3
Directors' report	4 - 7
Directors' responsibilities statement	8
Independent auditor's report	9 - 11
Group statement of comprehensive income	12
Group statement of financial position	13
Company statement of financial position	14
Group statement of changes in equity	15
Company statement of changes in equity	16
Group statement of cash flows	17
Notes to the financial statements	18 - 41

---

# PEARSON ENGINEERING LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

The directors present the strategic report for the period ended 31 December 2024.

#### **Fair review of the business**

Pearson Engineering Limited is a business operating in the defence sector that designs and manufactures a range of counter mine, counter IED and mine clearance equipment, as well as combat engineering equipment that increases the capability of armoured fighting and engineer vehicles. It also provides services for armoured vehicle manufacturing, assembly, integration and testing.

Pearson Engineering owns two subsidiaries, Responsive Engineering Limited and Pearson Engineering Inc. Responsive Engineering Limited is based in the UK and provides manufacturing services including specialist welding, fabrication, assembly and testing, precision CNC machining and laser and waterjet cutting. Pearson Engineering Inc. is a satellite office based in the USA. The group's strategy is to grow the business through organic growth, research and development, acquisition (where appropriate) and the development of its world class manufacturing and assembly facility.

#### **Key performance indicators**

The group's key financial and other performance indicators during the period were as follows:

	Period ended 31 December 2024 £000	Period ended 4 January 2024 £000 as restated
Turnover	79,418	54,885
Operating profit	10,448	12,746
Turnover per employee	224	183
Average number of employees	355	300

Whilst the Group has seen an increase in revenue but decrease in profitability, FY2024 has proved an important year for Pearson Engineering Limited. Both revenue and underlying profit have improved, driven by increased global demand for core products, higher capacity and timely execution of programs.

The success of Pearson Engineering was impacted by a worse than forecast performance by Responsive Engineering where gross profit and EBITDA have deteriorated due to the volume of prototype work undertaken to support future production volumes, whilst investment in capital and human resources has added further short-term cost into the business to enable sustained growth and increasing profitability from 2025 onwards.

World events continue to drive high demand for Pearson. Front End Equipment ("FEE") and the Order Book remains strong with c75% of end product going overseas. We can see this continuing over the next 2 - 3 years as demand to meet operational requirements and replace depleted stock remains strong. The introduction of new armoured vehicles, globally, is also helping the sales of FEE, with significant international contracts bedding down in FY2025. The Fit for the Future exercise is ongoing and as new manufacturing equipment is commissioned inside Responsive Engineering Limited the hard work undertaken in FY2024 should start to see results in FY2025. With almost 80% of Responsive Engineering workload in FY2025 backlog, the focus will be on meeting budget.

# PEARSON ENGINEERING LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

#### **Key performance indicators (continued)**

FY2024 has seen progress regarding the transfer of technology from Rafael into Pearson Engineering and Armstrong Works at large. Given the increasing demand for UK work share, it is expected that more opportunities will present themselves and we will see a wider product mix becoming available through Pearson Engineering. Relationships with a large range of OEMs, whilst demanding, remain strong and we can expect to see demand for manufacturing across a range of products to meet the UK Land Mobility Programme and international armoured vehicle programmes increase. Deliver to time and quality, as always, is key and this must be the focus for Responsive Engineering throughout FY2025. Some new personnel, already in place and more still to come will help with planning and importantly operational execution. Processes across Armstrong Works are becoming clearer, in some cases for the first time, which are introducing best industry practice, improving the 'one-team' ethos and driving better relationships, internally and externally. As we pass 400 personnel across Armstrong Works, we can also see an increasing local supply chain approaching 2700 personnel which underlines the importance of Pearson Engineering to the wider community in the Northeast and as an example of an important player in the export market for wider UK plc.

FY2024 witnessed a lot of change at Pearson Engineering and its daughter company Responsive Engineering. The Team has been incredible in adapting to change whilst executing the plan; at Responsive several one-off FY2024 costs are behind them and we can look forward to a healthy FY2025. Overall, the combined operational execution across the Armstrong Works site is stronger, more focussed and quality, on-time delivery is now the key aim.

Pearson Engineering generated significant operating cash flows during, which enabled full repayment of loans to the parent, as well as supporting a significant capital investment program. The major investment being the acquisition of the freehold land and buildings at the Armstrong Works site in January 2024.

#### **Principal risks and uncertainties**

The main risks associated with the company's financial assets and liabilities are set out below:

##### ***Credit risk***

The majority of group debtors relate to amounts owed as set out in agreed legal contracts, and many of the debtors are owed from government related bodies. Historically the group has not considered there to be a significant credit risk however this is evaluated on a contract by contract basis and credit insurance is taken if considered necessary.

##### ***Liquidity risk***

The group aims to mitigate liquidity risk by managing cash in the most effective manner. It is group policy to invoice amounts due on contracts as soon as possible; all amounts owed by debtors are collected promptly and all major capital expenditure must be approved by the directors.

##### ***Foreign currency risk***

The group has significant trade in foreign currencies with its customers. To protect the business against the movement in exchange rate, between the date of order acceptance and payment of the debt, the group takes out forward exchange contracts.

##### ***Working capital***

The group will seek to establish terms which minimise the working capital requirement. However, it is inevitable that under some contracts the group will be required to provide finance for the initial purchases before payments from the customer commence.

##### ***Bank risk***

The group continuously monitors the position of all banks where it holds funds.

##### ***Interest rate risk***

All cash is invested in interest bearing bank accounts at either a variable or fixed rate. Therefore, whilst financial assets, liabilities, interest charges and interest income and cash flows can be affected by movements in interest rates, these are managed by continually reviewing where cash is held and moving funds as appropriate.

# PEARSON ENGINEERING LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

---

### ***Inflation/supply chain***

The group carefully monitors inflationary pressures, the impact on purchase prices and the availability of parts/raw materials. Where we see potential risk, we look to mitigate as far as possible by widening our supply chain base and buying ahead of programme requirements. We also seek to limit the commercial risk to selling prices, caused by market volatility.

### **Future developments**

The company has an active and growing investment and R&D programme. Significant capital expenditure has been approved, which will enhance capabilities in bending high strength materials. New and enhanced products are being developed for both manned and unmanned platforms, broadening the range of defence applications. The company has also invested significantly in the areas of threat detection and AI.


### **Section 172 statement**

The board consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s.172 (a-f) of the Companies Act 2006) in the decisions taken during the period ended 31 December 2024.

Material decisions taken in the year include the restructuring of Board of Directors, the appointment of a new managing director for Responsive Engineering and the approval of significant capital expenditure.

In making these material decisions, the board took conscious steps to identify and take account of the potential impact (both positively and negatively) on key stakeholder groups (such as shareholders, employees, suppliers, customers and society as a whole) and concluded that the decisions taken and the anticipated outcomes were aligned with promoting the success of the company for the benefit of its members. In particular, continued funding of our R&D programmes and collaboration with Responsive Engineering will increase shareholder value whilst also delivering increased positive social benefit through continuing to provide employment, as well as contributing to the economy through business activities. In addition, we continue to support our employees through a range of initiatives related to personal development and wellbeing, particularly in the current environment which has seen staff having to adapt to new ways of working.

On behalf of the board



.....  
I Bell

**Director**

Date: 09/04/25  
.....

# PEARSON ENGINEERING LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

The directors present their annual report and financial statements for the period ended 31 December 2024. Comparative figures are drawn up to 4 January 2024.

#### Principal activities

The principal activity of the company and group continued to be that of a business operating in the defence sector that designs and manufactures a range of counter mine, counter IED and mine clearance equipment as well as combat engineering equipment that increases the capability of armoured fighting and engineer vehicles. It also provides services for armoured vehicle manufacturing, assembly, maintenance, overhaul, repair, specialist welding, fabrication, assembly and testing, precision CNC machining and laser and waterjet cutting.

#### Results and dividends

The results for the period are set out on page 12.

#### Directors

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

Y A Aron	
R Gozali	(Resigned 30 April 2024)
J M Hutton	
N Pope	
C Priday	(Resigned 2 April 2024)
I Bell	(Appointed 2 April 2024)
M Tzvi	(Appointed 30 May 2024)

#### Financial instruments

##### *Objectives and policies*

The group finances its activities using its cash, short term deposits and bank borrowings. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the group's operating activities. The group also enters into derivative transactions, principally forward currency contracts. The purpose is to manage currency risks arising from the group's operations and its sources of finance.

#### Disabled persons

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

#### Employee involvement

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its performance. The group encourages the involvement of employees by means of regular management team briefings, regular training and feedback sessions and employee suggestion schemes.

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# PEARSON ENGINEERING LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

#### Energy and carbon reporting

##### **Introduction and site information**

Pearson Engineering Limited is the holding company for two operations at their Armstrong Works site (Pearson Engineering Limited & Responsive Engineering Limited). Site activities are the design, production, and processing of a range of light and heavy manufacturing, as well as fabrication to serve the target market with other general administration, finance, and sales/marketing facilities.

To deliver and comply with environmental legislation and commitment to Net Zero, Pearson Engineering Limited, as a minimum, will seek to be compliant with all applicable environmental laws and regulatory permissions relevant to its operations.

##### *Site data and activity*

Area	Main Activity	Floor Area (m <sup>2</sup> )	Floor Area (%)
Production Floor	Manufacturing	33,000	85
PEL Offices	Admin / Finance / R&D / Engineering	4,000	10
REL Offices	Admin / Finance / Engineering	720	2
Storage and Ancillary buildings	Storage	900	3
<b>Total</b>		<b>38,620</b>	<b>100</b>

##### *Metric*

To understand our environmental performance, the following intensity metric will be used for this report.

Company Level Metric	Metric Type	Number (GIFA-ft <sup>2</sup> )
Pearson Engineering Limited	kgCO <sub>2</sub> e / ft <sup>2</sup>	415,702

##### **Energy Usage Data**

##### *Absolute energy consumption*

Activity	Scope	Unit	Period ended 31 December 2024	Period ended 4 January 2024
Natural Gas	1	kWh	1,146,518	1,228,351
LPG	1	Kg or kWh	1,886 or 16,705	3,660 or 26,045
Grid supplied Electricity	2	kWh	3,970,502	4,008,038
Transportation	1 & 3	kWh	81,095	110,511
<b>Total</b>			<b>5,214,820</b>	<b>5,372,945</b>

##### *Absolute Green House Gas emissions (GHG) tCO<sub>2</sub> e.*

Activity	Scope	Unit	Period ended 31 December 2024	Period ended 4 January 2024
Natural Gas	1	tCO <sub>2</sub> e	207	222
LPG	1	tCO <sub>2</sub> e	3.570	5.058
Grid supplied Electricity	2	tCO <sub>2</sub> e	800	806
Transportation	1 & 3	tCO <sub>2</sub> e	21	27
<b>Total</b>			<b>1,032</b>	<b>1,060</b>

##### *Pearson Engineering Limited's energy intensity (year on year analysis)*

Company Level Metric	Metric Type	Number (GIFA - ft <sup>2</sup> )	Period ended 31 December 2024	Period ended 4 January 2024
Pearson Engineering Limited	kgCO <sub>2</sub> e / ft <sup>2</sup>	415,702	2.4	2.5

# PEARSON ENGINEERING LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

#### **Streamlined energy and carbon reporting**

From financial years beginning on or after 1 April 2019, the government issued a new policy known as the Streamlined Energy and Carbon Reporting (SECR) which requires companies to publicly report on their UK energy use and carbon emissions within the Directors' report. This new requirement has been implemented by the Department for Business, Energy, and Industrial Strategy (BEIS).

#### *Scope 1*

Direct emissions - are sources resulting from company owned machinery, facilities, and vehicles.

#### *Scope 2*

Indirect emissions - are sources associated with the generation of electricity, heat, steam and/or cooling.

#### *Scope 3*

Indirect emissions – are sources resulting from all other activities not covered in scope 2; includes business travel, commuting, waste, and third-party deliveries.

#### **Energy Savings Opportunity Scheme**

The Energy Savings Opportunity Scheme (ESOS) is a mandatory energy assessment scheme for large organisations based in the UK. ESOS requires organisations that meet the qualification criteria and period to audit and report on at least 90% of their energy usage to the environment agency every four years.

The latest audit was completed in February 2023 and a summary of findings will be issued, along with recommendations that Pearson Engineering Limited will review and act upon accordingly.

#### **Pearson Engineering Limited Energy and Environmental Reduction Commitment and Target Planning**

Our longer-term goal is to become climate neutral at the latest by 2050 in line with government plans and reduce our emissions up to 50% by 2030 compared to 2020.

By using defined and tested methodology, industry techniques and energy performance indicators (EnPI) will help us to see a clear link between energy use and the activities that directly influence consumption and waste. This will enable us to determine how efficiently our organisation is using energy as it accounts for changes in the activity metric which will aid with visualisation towards our goals.

By implementing (REPOC) Resource, Efficiency, Process, Optimization & Cost reduction techniques will allow us to consider and explore energy efficiency savings when procuring new plant / equipment that is within any capital expenditure plan, as well as efficiency within our production processes.

The group aims to focus on the top four energy saving initiatives:

#### *1. Renewable Energy*

- At present, Pearson Engineering Limited are now looking into the feasibility of Renewable Energy and battery storage capabilities for its operations at Armstrong Works.

#### *2. Introduce Energy Awareness Campaign*

- Pearson Engineering Limited goes green.

#### *3. Implement Shut down procedures for operations (daily / weekend)*

- Group machine & equipment and apply stickers in green, yellow & red
- Employee Training Module (energy efficiency)
- Define and apply switch-off strategy for all machines, equipment and peripheral.

#### *4. Compressed Air Leakage Management*

- Perform a Compressed Air Leakage audit either with internal TPM or by appointed vendor.

# PEARSON ENGINEERING LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

#### **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 future developments and financial risk management of the company.

The company has also chosen to include the required disclosures on stakeholder engagement as part of the s172 statement in the strategic report. This information is considered to have strategic importance and including only in the strategic report avoids duplication.

#### **Statement of disclosure to auditor**

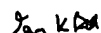
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves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

#### **Going concern**

The group meets its day to day working capital requirements through cash generated from operations and bank borrowings.

Having considered the current cash forecasts of the group, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for a period of a least twelve months from the date of signing these financial statements. The group therefore continues to adopt the going concern basis in preparing the financial statements.

On behalf of the board



.....  
I Bell

**Director**

Date: 09/04/25  
.....

# **PEARSON ENGINEERING LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2024**

---

The directors are responsible for preparing the Strategic Report and 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 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEARSON ENGINEERING LIMITED

---

## **Opinion**

We have audited the financial statements of Pearson Engineering Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2024 which comprise the consolidated Statement of Comprehensive Income, consolidated and company Statement of Financial Position, consolidated and company Statement of Changes in Equity, consolidated Statement of Cash Flows 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 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 group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 group's or the parent 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 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.

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 our audit:

- the information given in the strategic report and the directors' report for the financial period 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEARSON ENGINEERING LIMITED (CONTINUED)**

---

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

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our 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 the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEARSON ENGINEERING LIMITED (CONTINUED)

---

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with laws and regulations.

The group audit engagement team identified the risk of management override of controls and revenue recognition in respect of cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the financial statements. With regard to revenue recognition in respect of cut off we have tested transactions around the year end to supporting documentation to ensure appropriate cut off applied.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> 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.

*Steven Cleugh*

Steven Cleugh FCCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne  
NE1 4AD  
...9/4/2025....

# PEARSON ENGINEERING LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2024

		Period ended 31 December 2024	Period ended 4 January 2024 as restated
	Notes	£000	£000
<b>Turnover</b>	<b>4</b>	79,418	54,885
Cost of sales		(39,594)	(21,597)
<b>Gross profit</b>		<b>39,824</b>	<b>33,288</b>
Distribution costs		(1,335)	(1,058)
Administrative expenses		(28,041)	(19,734)
Other operating income		-	15
<b>Operating profit</b>	<b>7</b>	<b>10,448</b>	<b>12,511</b>
Interest receivable and similar income	<b>9</b>	2	5
Interest payable and similar expenses	<b>10</b>	(1,004)	(712)
<b>Profit before taxation</b>		<b>9,446</b>	<b>11,804</b>
Tax on profit	<b>11</b>	(1,839)	(1,815)
<b>Profit for the financial period</b>		<b>7,607</b>	<b>9,989</b>
Currency translation differences		(1)	1
<b>Total comprehensive income for the period</b>		<b>7,606</b>	<b>9,990</b>

Profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

**PEARSON ENGINEERING LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

	Notes	31 December 2024 £000	4 January 2024 as restated £000
<b>Fixed assets</b>			
Intangible assets	12	654	60
Tangible assets	13	22,743	6,020
		<u>23,397</u>	<u>6,080</u>
<b>Current assets</b>			
Stocks	16	28,239	30,485
Debtors	17	35,424	26,334
Cash at bank and in hand		2,782	19,018
		<u>66,445</u>	<u>75,837</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(51,823)</u>	<u>(52,475)</u>
<b>Net current assets</b>		<u>14,622</u>	<u>23,362</u>
<b>Total assets less current liabilities</b>		<u>38,019</u>	<u>29,442</u>
<b>Creditors: amounts falling due after more than one year</b>	19	(968)	-
<b>Provisions for liabilities</b>	22	(366)	(363)
<b>Net assets</b>		<u>36,685</u>	<u>29,079</u>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Merger reserve	26	(1,082)	(1,082)
Profit and loss reserves	26	37,767	30,161
<b>Total equity</b>		<u>36,685</u>	<u>29,079</u>

The financial statements were approved by the board of directors and authorised for issue on 09/04/25 and are signed on its behalf by:

*Jan K Bell*

.....  
I Bell  
Director

**PEARSON ENGINEERING LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

	Notes	31 December 2024 £000	4 January 2024 as restated £000
<b>Fixed assets</b>			
Intangible assets	12	30	60
Tangible assets	13	19,617	2,066
Investments	14	1,343	1,343
		<u>20,990</u>	<u>3,469</u>
<b>Current assets</b>			
Stocks	16	25,695	28,118
Debtors	17	38,884	30,075
Cash at bank and in hand		1,734	18,720
		<u>66,313</u>	<u>76,913</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(50,543)</u>	<u>(50,479)</u>
<b>Net current assets</b>		<u>15,770</u>	<u>26,434</u>
<b>Total assets less current liabilities</b>		<u>36,760</u>	<u>29,903</u>
<b>Creditors: amounts falling due after more than one year</b>	19	(968)	-
<b>Provisions for liabilities</b>	22	(414)	(363)
<b>Net assets</b>		<u><u>35,378</u></u>	<u><u>29,540</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Profit and loss reserves	26	35,378	29,540
		<u><u>35,378</u></u>	<u><u>29,540</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the period was £5,838,000 (period ended 4 January 2024: £9,028,000).

The financial statements were approved by the board of directors and authorised for issue on 09/04/25 and are signed on its behalf by:

*Ian K Bell*

.....  
I Bell  
Director

# PEARSON ENGINEERING LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2024

	Share capital £000	Merger reserve £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 January 2023</b>	-	(1,082)	20,171	19,089
<b>Period ended 4 January 2024 (as restated):</b>				
Profit for the period (as restated)	-	-	9,989	9,989
Other comprehensive expense net of taxation:				
Currency translation differences	-	-	1	1
Total comprehensive income for the period (as restated)	-	-	9,990	9,990
<b>Balance at 4 January 2024 (as restated)</b>	-	(1,082)	30,161	29,079
<b>Period ended 31 December 2024:</b>				
Profit for the period	-	-	7,607	7,607
Other comprehensive expense net of taxation:				
Currency translation differences	-	-	(1)	(1)
Total comprehensive income for the period	-	-	7,606	7,606
<b>Balance at 31 December 2024</b>	-	(1,082)	37,767	36,685

# PEARSON ENGINEERING LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2024

---

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
<b>Balance at 1 January 2023</b>	-	18,957	18,957
	<hr/>	<hr/>	<hr/>
<b>Period ended 4 January 2024 (as restated):</b>			
Profit and total comprehensive income for the period (as restated)	-	10,583	10,583
	<hr/>	<hr/>	<hr/>
<b>Balance at 4 January 2024 (as restated)</b>	-	29,540	29,540
	<hr/>	<hr/>	<hr/>
<b>Period ended 31 December 2024:</b>			
Profit and total comprehensive income for the period	-	5,838	5,838
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2024</b>	-	35,378	35,378
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# PEARSON ENGINEERING LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2024

	Notes	Period ended 31 December 2024 £000	Period ended 4 January 2024 as restated £000
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	5,608	15,423
Interest paid		(1,004)	(712)
Income taxes paid		(2,896)	(2,282)
<b>Net cash inflow from operating activities</b>		<b>1,708</b>	<b>12,429</b>
<b>Investing activities</b>			
Purchase of intangible assets		(292)	-
Purchase of tangible fixed assets		(19,356)	(4,060)
Proceeds on disposal of tangible fixed assets		1,106	85
Interest received		2	5
<b>Net cash used in investing activities</b>		<b>(18,540)</b>	<b>(3,970)</b>
<b>Financing activities</b>			
Proceeds of new bank loans		18,000	-
Repayment of bank loans		(4,695)	-
(Repayments made to)/advances received from parent undertaking		(12,708)	4,603
<b>Net cash generated from financing activities</b>		<b>597</b>	<b>4,603</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(16,235)</b>	<b>13,062</b>
Cash and cash equivalents at beginning of period		19,018	5,955
Effect of foreign exchange rates		(1)	1
<b>Cash and cash equivalents at end of period</b>		<b>2,782</b>	<b>19,018</b>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

---

### 1 Accounting policies

#### Company information

Pearson Engineering Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Armstrong Works, Scotswood Road, Newcastle upon Tyne, NE15 6UX.

The group consists of Pearson Engineering Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £000.

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

#### Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues';
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### Basis of consolidation

The consolidated financial statements incorporate those of Pearson Engineering Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

The group financial statements have been prepared using the merger method of accounting.

The merger method of accounting is applied to group reconstructions as if the entities had always been combined. The total comprehensive income, assets and liabilities of the entities are amended, where necessary, to align the accounting policies. The carrying values of the entities assets and liabilities are not adjusted to fair value.

Any difference between the nominal value of shares issued plus the fair value of other consideration and the nominal value of shares received taken to other reserves in equity, Any existing balances on the share premium accounts or capital redemption reserve of the legal subsidiary are shown as movement on other reserves.

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

#### 1 Accounting policies (Continued)

All financial statements are made up to 31 December 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

#### Going concern

The group meets its day to day working capital requirements through cash generated from operations and bank borrowings.

The directors have considered the group's financial performance for the period to December 2025. Cashflow forecasts have been prepared for the group that cover at least 12 months following approval of the financial statements which show that the group has adequate resources to continue in operational existence for this time. As such the financial statements have been prepared on a going concern basis.

#### Reporting period

The financial statements are drawn up to 31 December 2024. Comparative figures are drawn up to 4 January 2024.

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually when the goods are physically delivered to the customer or when the customer is notified that the goods are ready for collection, depending on the agreed terms of the sale), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years straight line
Patents and licences	10 years straight line

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

---

### 1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	40 years straight line
Plant and equipment	5-13 years straight line
Fixtures and fittings	2-5 years straight line
Computers	3 years straight line
Motor vehicles	4 years straight line

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 credited or charged to profit or loss.

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### Impairment of fixed assets

At each reporting period end date, the group 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.

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.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

---

### 1 Accounting policies (Continued)

#### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, cash and bank balances and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

#### **Derecognition of financial liabilities**

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

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

#### 1 Accounting policies (Continued)

##### Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

##### Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

##### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

##### Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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.

##### 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 stock or fixed assets.

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

---

### 1 Accounting policies (Continued)

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Key sources of estimation uncertainty**

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

##### ***Product warranties***

The provision is made for rectification costs under warranty. This provision requires management's best estimate of the costs that will be required, based on contractual requirements and historical experience. The carrying amount of product warranties is £366,000 (4 January 2024: £363,000).

##### ***Useful economic lives of tangible assets***

The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount of tangible assets is £22,743,000 (4 January 2024: £6,020,000).

##### ***Valuation of work in progress***

It is necessary to consider whether accumulated cost of work in progress is ultimately recoverable or whether a provision is required. When determining the need for provision, management considers the level of risk inherent in each project (which tends to be greater for more complete, unique or first in class projects and those of longer duration) and apply their best estimate of future time and material requirements. When items of work in progress are completed and sold the amount included in cost of sales and eliminated from work in progress is based on an estimate of the total expected cost for the contract. The carrying amount of work in progress is £10,323,000 (4 January 2024: £10,565,000).

#### 3 Prior period adjustment

Following a review of the impact of foreign exchange on the deferred income recognised as part of the company's revenue recognition policy, the directors identified that revenue transactions in foreign currencies were translated using forward contract rates rather than the rates on the transaction dates. This had the result of revenue being overstated by £470,000, gains on foreign exchange had been understated by £2,503,000 and the tax charge understated by £470,000. Additionally, the loss on financial instruments measured at fair value through profit or loss of £235,000 was reclassified from interest payable and similar costs to administrative expenses. The error has been corrected by restating each of the affected financial line items for prior periods. Profit after tax was understated in the prior period, and as such there was an impact of £1,555,000 on profit and loss reserves brought forward at 5 January 2024. There was no impact on the opening date of the comparative year (1 January 2023).

The table below summarises the impact on the company and group comparative financial statements:

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

#### 3 Prior period adjustment (Continued)

##### Changes to the statement of financial position - group

	As previously reported £000	Adjustment £000	As restated at 4 Jan 2024 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	26,812	(478)	26,334
<b>Creditors due within one year</b>			
Deferred income	(28,577)	2,033	(26,544)
<b>Total assets less current liabilities</b>	27,887	1,555	29,442
<b>Net assets</b>	27,524	1,555	29,079
<b>Capital and reserves</b>			
Profit and loss	28,606	1,555	30,161
Total equity	27,524	1,555	29,079

##### Changes to the income statement - group

	As previously reported £000	Adjustment £000	As restated £000
<b>Period ended 4 January 2024</b>			
Turnover	55,355	(470)	54,885
Gross profit	33,758	(470)	33,288
Administrative expenses	(22,002)	2,268	(19,734)
Operating profit/(loss)	10,713	1,798	12,511
Interest payable and similar expenses	(947)	235	(712)
Profit before taxation	9,771	2,033	11,804
Taxation	(1,337)	(478)	(1,815)
Profit for the financial period	8,434	1,555	9,989
Total comprehensive income	8,435	1,555	9,990

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 3 Prior period adjustment (Continued)

#### Changes to the statement of financial position - company

	As previously reported £000	Adjustment £000	As restated at 4 Jan 2024 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	30,553	(478)	30,075
<b>Creditors due within one year</b>			
Deferred income	(28,252)	2,033	(26,219)
<b>Total assets less current liabilities</b>	28,348	1,555	29,903
<b>Net assets</b>	27,985	1,555	29,540
<b>Capital and reserves</b>			
Profit and loss	27,985	1,555	29,540
Total equity	27,985	1,555	29,540

The comparative of the cash flow statement has been restated to reclassify advances from the parent company of £4,603,000 as net cash used in financing activities rather than cash flow from operating activities as this is a fairer reflection of the transaction. The restatement did not have an impact on the group's reported loss and net assets in the prior year. The changes are summarised as follows:

	As previously reported £000	Adjustment £000	As restated at 4 Jan 2024 £000
Cash generated from operations	20,026	(4,603)	15,423
Net cash flow from operating activities	17,032	(4,603)	12,429
Net cash flows used in financing activities	-	4,603	4,603

### 4 Turnover and other revenue

	Period ended 31 December 2024 £000	Period ended 4 January 2024 as restated £000
<b>Turnover analysed by class of business</b>		
Sales of goods	79,418	54,885

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 4 Turnover and other revenue (Continued)

	Period ended 31 December 2024	Period ended 4 January 2024 as restated
	£000	£000
<b>Turnover analysed by geographical market</b>		
UK	16,227	13,580
Europe	22,760	1,736
Rest of the world	40,431	39,569
	<u>79,418</u>	<u>54,885</u>

### 5 Employees

The average monthly number of persons (including directors) employed during the period was:

	Group Period ended 31 December 2024 Number	Period ended 4 January 2024 Number	Company Period ended 31 December 2024 Number	Period ended 4 January 2024 Number
Production	189	174	22	13
Administrative	166	127	77	70
Total	<u>355</u>	<u>301</u>	<u>99</u>	<u>83</u>

Their aggregate remuneration comprised:

	Group Period ended 31 December 2024 £000	Period ended 4 January 2024 £000	Company Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Wages and salaries	20,586	17,368	10,605	8,912
Social security costs	2,186	1,935	1,137	1,048
Pension costs	742	527	361	274
	<u>23,514</u>	<u>19,830</u>	<u>12,103</u>	<u>10,234</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 6 Directors' remuneration

	Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Remuneration for qualifying services	732	607
Company pension contributions to defined contribution schemes	7	-
	<u>739</u>	<u>607</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (period ended 4 January 2024: 0).

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

	Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Remuneration for qualifying services	387	575
Company pension contributions to defined contribution schemes	7	-
	<u>394</u>	<u>575</u>

### 7 Operating profit

	Period ended 31 December 2024 £000	Period ended 4 January 2024 as restated £000
Operating profit for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(1,389)	(2,017)
Research and development costs	1,038	324
Depreciation of owned tangible fixed assets	1,239	716
Profit on disposal of tangible fixed assets	(44)	(14)
Amortisation of intangible assets	30	30
Operating lease charges	-	4
Loss on financial instruments measured at fair value through profit or loss	3,411	235
	<u>3,255</u>	<u>1,328</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 8 Auditor's remuneration

	Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	53	50
Audit of the financial statements of the company's subsidiaries	41	38
	<u>94</u>	<u>88</u>
<b>For other services</b>		
Other assurance services	68	45
All other non-audit services	16	16
	<u>84</u>	<u>61</u>

### 9 Interest receivable and similar income

	Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Other interest income	2	5

### 10 Interest payable and similar expenses

	Period ended 31 December 2024 £000	Period ended 4 January 2024 as restated £000
Interest payable to group undertakings	337	604
Other interest on financial liabilities	667	108
	<u>1,004</u>	<u>712</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

#### 11 Taxation

	Period ended 31 December 2024 £000	Period ended 4 January 2024 as restated £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	927	2,231
Adjustments in respect of prior periods	751	(303)
Total current tax	<u>1,678</u>	<u>1,928</u>
	Period ended 31 December 2024 £000	Period ended 4 January 2024 as restated £000
<b>Deferred tax</b>		
Origination and reversal of timing differences	161	(113)
Total tax charge	<u>1,839</u>	<u>1,815</u>

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Profit before taxation	<u>9,446</u>	<u>11,804</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2024: 23.52%)	2,362	2,776
Tax effect of expenses that are not deductible in determining taxable profit	147	156
Change in unrecognised deferred tax assets	(1,421)	(806)
Adjustments in respect of prior years	751	(303)
Benefits of superdeduction	-	(1)
Tax rate changes	-	(7)
Taxation charge	<u>1,839</u>	<u>1,815</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

---

### 11 Taxation (Continued)

The standard rate of tax applied to reported profit on ordinary activities, as at 1 April 2023, is 25% for taxable profits over £250,000, 19% for taxable profits under £50,000 and a marginal relief rate for taxable profits between £50,000 and £250,000. Deferred tax has been calculated at 25% which was the tax rate substantively enacted as at 31 December 2024.

At the balance sheet date, the group has unutilised trading losses of £13,230,583 (4 January 2024: £18,230,583) available to carry forward against future taxable profits. The deferred tax in respect of some of these losses has been recognised as a deferred tax asset of £1,248,000 (4 January 2024: £1,077,000).

The remaining unrecognised deferred tax asset of approximately £2,059,890 (4 January 2024: £2,288,477) exists in respect of these losses, which the directors have not recognised until such time as their recovery can be assessed with reasonable certainty. The unrecognised deferred tax asset has been based on tax rates substantively enacted by the balance sheet date, being 25% (4 January 2024: 25%).

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 12 Intangible fixed assets

Group	Software Patents and licences		Total £000
	£000	£000	
<b>Cost</b>			
At 5 January 2024	88	348	436
Additions	292	-	292
Transfers	332	-	332
At 31 December 2024	<u>712</u>	<u>348</u>	<u>1,060</u>
<b>Amortisation and impairment</b>			
At 5 January 2024	88	288	376
Amortisation charged for the period	-	30	30
At 31 December 2024	<u>88</u>	<u>318</u>	<u>406</u>
<b>Carrying amount</b>			
At 31 December 2024	<u>624</u>	<u>30</u>	<u>654</u>
At 4 January 2024	<u>-</u>	<u>60</u>	<u>60</u>
<b>Company</b>			<b>Patents and licences £000</b>
<b>Cost</b>			
At 5 January 2024 and 31 December 2024			<u>348</u>
<b>Amortisation and impairment</b>			
At 5 January 2024			288
Amortisation charged for the period			30
At 31 December 2024			<u>318</u>
<b>Carrying amount</b>			
At 31 December 2024			<u>30</u>
At 4 January 2024			<u>60</u>

The amortisation charge for the period is recognised within administrative expenses.

**PEARSON ENGINEERING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2024**

**13 Tangible fixed assets**

Group	Leasehold land and buildings £000	Assets under construction £000	Plant and equipment £000	Fixtures and fittings £000	Computers £000	Motor vehicles £000	Total £000
<b>Cost</b>							
At 5 January 2024	1,660	1,984	13,934	1,063	1,351	532	20,524
Additions	16,489	1,522	613	390	141	201	19,356
Disposals	-	(779)	-	(192)	-	(347)	(1,318)
Transfers	-	(1,204)	872	-	-	-	(332)
At 31 December 2024	<u>18,149</u>	<u>1,523</u>	<u>15,419</u>	<u>1,261</u>	<u>1,492</u>	<u>386</u>	<u>38,230</u>
<b>Depreciation and impairment</b>							
At 5 January 2024	-	-	12,143	856	1,189	316	14,504
Depreciation charged in the period	456	-	572	61	81	69	1,239
Eliminated in respect of disposals	-	-	-	(20)	-	(236)	(256)
At 31 December 2024	<u>456</u>	<u>-</u>	<u>12,715</u>	<u>897</u>	<u>1,270</u>	<u>149</u>	<u>15,487</u>
<b>Carrying amount</b>							
At 31 December 2024	<u>17,693</u>	<u>1,523</u>	<u>2,704</u>	<u>364</u>	<u>222</u>	<u>237</u>	<u>22,743</u>
At 4 January 2024	<u>1,660</u>	<u>1,984</u>	<u>1,791</u>	<u>207</u>	<u>162</u>	<u>216</u>	<u>6,020</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 13 Tangible fixed assets (continued)

Company	Leasehold land and buildings	Assets under construction	Fixtures and fittings	Computers	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 5 January 2024	1,660	-	477	595	373	3,105
Additions	16,489	1,201	307	80	201	18,278
Disposals	-	-	-	-	(246)	(246)
At 31 December 2024	18,149	1,201	784	675	328	21,137
<b>Depreciation and impairment</b>						
At 5 January 2024	-	-	402	456	181	1,039
Depreciation charged in the period	456	-	35	63	62	616
Eliminated in respect of disposals	-	-	-	-	(135)	(135)
At 31 December 2024	456	-	437	519	108	1,520
<b>Carrying amount</b>						
At 31 December 2024	17,693	1,201	347	156	220	19,617
At 4 January 2024	1,660	-	75	139	192	2,066

### 14 Fixed asset investments

	Notes	Group Period ended 31 December 2024 £000	Period ended 4 January 2024 £000	Company Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Investments in subsidiaries	15	-	-	1,343	1,343

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 14 Fixed asset investments (Continued)

#### Movements in fixed asset investments

Company	Shares in group undertakings £000
<b>Cost</b>	
At 5 January 2024 and 31 December 2024	6,888
<b>Impairment</b>	
At 5 January 2024 and 31 December 2024	5,545
<b>Carrying amount</b>	
At 31 December 2024	1,343
At 4 January 2024	1,343

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Pearson Engineering Inc	87 Amlajack Way, Newnan, GA 30265, USA	Satellite office	Ordinary	100.00
Responsive Engineering Limited	Armstrong Works, Scotswood Road, Newcastle upon Tyne, NE15 6UX	Manufacturing services	Ordinary	100.00

Pearson Engineering Singapore PTE Ltd, a fully owned subsidiary of the company, was liquidated during the year.

### 16 Stocks

	Group 31 December 2024 £000	4 January 2024 £000	Company 31 December 2024 £000	4 January 2024 £000
Raw materials and consumables	2,041	1,966	750	732
Work in progress	10,323	10,565	9,183	9,588
Finished goods and goods for resale	15,875	17,954	15,762	17,798
	<u>28,239</u>	<u>30,485</u>	<u>25,695</u>	<u>28,118</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 17 Debtors

	Group 31 December 2024	4 January 2024 as restated	Company 31 December 2024	4 January 2024 as restated
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Trade debtors	30,799	20,281	29,808	18,890
Corporation tax recoverable	1,571	354	1,423	184
Amounts owed by group undertakings	106	-	5,721	6,434
Derivative financial instruments	-	1,918	-	1,918
Other debtors	1,207	1,544	869	1,149
Prepayments and accrued income	1,316	1,651	1,063	1,387
	<u>34,999</u>	<u>25,748</u>	<u>38,884</u>	<u>29,962</u>
Deferred tax asset (note 23)	425	586	-	113
	<u>35,424</u>	<u>26,334</u>	<u>38,884</u>	<u>30,075</u>

### 18 Creditors: amounts falling due within one year

	Group 31 December 2024	4 January 2024 as restated	Company 31 December 2024	4 January 2024 as restated
Notes	£000	£000	£000	£000
Bank loans	20 13,305	-	13,305	-
Trade creditors	3,646	4,284	3,449	3,392
Amounts owed to group undertakings	-	12,708	1,458	13,769
Other taxation and social security	944	1,300	670	1,055
Derivative financial instruments	526	-	526	-
Deferred income	26,300	26,544	26,300	26,219
Other creditors	848	659	-	-
Accruals	6,254	6,980	4,835	6,044
	<u>51,823</u>	<u>52,475</u>	<u>50,543</u>	<u>50,479</u>

During the prior period, the company entered into a Revolving Credit Facility with BNP Paribas. Interest is charged at SONIA plus 2%, and repayment is required 3 months after drawdown. At the period end, £6,057,000 was drawn down on the facility (4 January 2024: £nil).

During the period ended 31 December 2024, the company has entered into a Term Loan Facility of £7,248,000 with BNP Paribas which incurs interest at 2.15% per annum and is repayable in 2025.

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 19 Creditors: amounts falling due after more than one year

	Group 31 December 2024 £000	4 January 2024 £000	Company 31 December 2024 £000	4 January 2024 £000
Derivative financial instruments	968	-	968	-

### 20 Borrowings

	Group 31 December 2024 £000	4 January 2024 £000	Company 31 December 2024 £000	4 January 2024 £000
Bank loans	13,305	-	13,305	-
Payable within one year	13,305	-	13,305	-

During the prior period, the company entered into a Revolving Credit Facility with BNP Paribas. Interest is charged at SONIA plus 2%, and repayment is required 3 months after drawdown. At the period end, £6,057,000 was drawn down on the facility (4 January 2024: £nil).

During the period ended 31 December 2024, the company has entered into a Term Loan Facility of £7,248,000 with BNP Paribas which incurs interest at 2.15% per annum and is repayable in 2025.

### 21 Financial instruments

	Group 31 December 2024 £000	4 January 2024 £000	Company 31 December 2024 £000	4 January 2024 £000
Instruments measured at fair value through profit or loss	(1,494)	1,918	(1,494)	1,918

The company enters into forward foreign currency contracts and foreign currency swaps to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2024, the outstanding contracts all mature within 30 months (4 January 2024: 15 months) of the period end.

The company is committed to sell US\$79,236,081 and €6,745,627 and receive a fixed sterling amount (4 January 2024: US\$34,422,496 and €5,488,920 in exchange for a fixed sterling amount).

The forward currency contracts and swaps are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP:USD and GBP:EUR.

The company has no interest rate derivative financial instruments (4 January 2024: none).

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 22 Provisions for liabilities

		Group 31 December 2024 £000	4 January 2024 £000	Company 31 December 2024 £000	4 January 2024 £000
	Notes				
Warranty provision		366	363	366	363
Deferred tax liabilities	23	-	-	48	-
		<u>366</u>	<u>363</u>	<u>414</u>	<u>363</u>

Movements on provisions apart from deferred tax liabilities:

Group	Warranty provision £000
At 5 January 2024	363
Additional provisions in the year	123
Utilisation of provision	(120)
At 31 December 2024	<u>366</u>
Company	Warranty provision £000
At 5 January 2024	363
Additional provisions in the year	123
Utilisation of provision	(120)
At 31 December 2024	<u>366</u>

### 23 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 31 December 2024 £000	Liabilities 4 January 2024 £000	Assets 31 December 2024 £000	Assets 4 January 2024 £000
Group				
Accelerated capital allowances	-	-	(832)	(513)
Tax losses	-	-	1,248	1,077
Short term timing differences	-	-	9	22
	<u>-</u>	<u>-</u>	<u>425</u>	<u>586</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2024

### 23 Deferred taxation (Continued)

	Liabilities 31 December 2024 £000	Liabilities 4 January 2024 £000	Assets 31 December 2024 £000	Assets 4 January 2024 £000
<b>Company</b>				
Accelerated capital allowances	48	-	-	91
Short term timing differences	-	-	-	22
	<u>48</u>	<u>-</u>	<u>-</u>	<u>113</u>
			<b>Group</b>	<b>Company</b>
			<b>2024</b>	<b>2024</b>
			<b>£000</b>	<b>£000</b>
<b>Movements in the period:</b>				
Asset at 5 January 2024			(586)	(113)
Charge to profit or loss			161	161
Liability/(Asset) at 31 December 2024			<u>(425)</u>	<u>48</u>

The deferred tax asset set out above is expected to reverse within 12 months.

### 24 Retirement benefit schemes

	Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	750	527
	<u>750</u>	<u>527</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 25 Share capital

	31 December 2024	Group and Company 4 January 2024	31 December 2024 £	4 January 2024 £
Ordinary shares of 10p each	1,000	1,000	100	100
	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>100</u>

The ordinary shares carry the right to vote at general meetings.

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

#### 26 Reserves

##### Merger reserve

The difference between the nominal value of shares issued plus the fair value of other consideration and the nominal value of shares received for group reconstructions accounted for using the merger method of accounting.

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### 27 Cash generated from group operations

	Period ended 31 December 2024 £000	Period ended 4 January 2024 as restated £000
Profit for the period after tax	7,607	9,989
<b>Adjustments for:</b>		
Taxation charged	1,839	1,815
Finance costs	1,004	712
Loss on financial instruments measured at fair value through profit or loss	3,411	235
Investment income	(2)	(5)
Gain on disposal of tangible fixed assets	(44)	(14)
Amortisation and impairment of intangible assets	30	30
Depreciation and impairment of tangible fixed assets	1,239	716
Increase/(decrease) in provisions	3	(20)
<b>Cash generated pre-movements in working capital</b>	<u>15,087</u>	<u>13,458</u>
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	2,246	(20,581)
Increase in debtors	(9,952)	(7,314)
(Decrease)/increase in creditors	(1,529)	6,135
(Decrease)/increase in deferred income	(244)	23,725
<b>Cash generated from operations</b>	<u>5,608</u>	<u>15,423</u>

#### 28 Analysis of changes in net funds/(debt) - group

	5 January 2024 £000	Cash flows £000	Exchange rate movements £000	31 December 2024 £000
Cash at bank and in hand	19,018	(16,235)	(1)	2,782
Borrowings excluding overdrafts	-	(13,305)	-	(13,305)
	<u>19,018</u>	<u>(29,540)</u>	<u>(1)</u>	<u>(10,523)</u>

# PEARSON ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2024

---

#### 29 Operating lease commitments

##### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group Period ended 31 December 2024 £000	Period ended 4 January 2024 £000	Company Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Within one year	120	59	79	-
Between one and five years	93	138	-	-
	<u>213</u>	<u>197</u>	<u>79</u>	<u>-</u>

#### 30 Financial commitments, guarantees and contingent liabilities

Santander UK plc has fixed and floating charges over the undertaking and all assets owned by the group.

The group has a trade guarantee facility of £6,500,000 in place with Santander UK plc. At the year-end, the group was utilising £4,253,000 (4 January 2024: £5,323,000) of this facility.

#### 31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group Period ended 31 December 2024 £000	Period ended 4 January 2024 £000	Company Period ended 31 December 2024 £000	Period ended 4 January 2024 £000
Acquisition of tangible fixed assets	<u>5,856</u>	<u>17,803</u>	<u>5,856</u>	<u>14,686</u>

#### 32 Controlling party

The ultimate controlling party is Rafael Advanced Defense Systems Limited, a company incorporated in Israel.