

Registered number: 01318724

ACCROFAB LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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ACCROFAB LIMITED

COMPANY INFORMATION

Directors

G J Lowe
J M Christie-Smith
E J Ashworth
N J Godfrey

Registration number

01318724

Registered office

Pegasus House
1 Bromford Gate
Erdington
Birmingham
B24 8DW

Trading address

Unit 11 – Stoney Cross Industrial Park
Stoney Gate Road
Spondon
Derby
DE21 7RX

Independent auditors

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

ACCROFAB LIMITED

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ACCROFAB LIMITED
STRATEGIC REPORT
FOR THE PERIOD ENDING 30 SEPTEMBER 2019

Introduction

The Directors present their strategic report for the period ended 30 September 2019.

Accrofab Limited was acquired by Bromford Industries Limited on 25 June 2019. As a result of the acquisition the accounting period has been extended to 30 September 2019. These financial statements therefore represent 18 months of trading of Accrofab Limited.

Principal activity

The principal activity of the Company is the manufacturing and supply of complex fabricated and machined engine bracketry for the global aerospace industry.

Business review

On turnover of £18,651,000 (year ended 31 March 2018: £9,765,000) the Company made an operating profit of £4,251,000 (year ended 31 March 2018: £1,396,000), which includes an exceptional debit of £65,000 (year ended 31 March 2018: £Nil). The pre-exceptional profit of £4,316,000 (year ended 31 March 2018: £1,396,000) was after depreciation and amortisation of other intangibles of £523,000 (year ended 31 March 2018: £287,000). The Company had net assets of 16,175,000 at the end of the period (year ended 31 March 2018: £13,630,000).

Over the last 18 months we have continued to support our customers with consistently high levels of service whilst continually seeking to implement improvements to the business and its processes. We have continued to invest in additional staff, IT and infrastructure and have built extra capacity by introducing an additional shift to support our increased customer demand.

We have made improvements to our orderbook management process to stabilise and smooth customer demand, this has led to improved control of raw materials, reduced lead times, lower stock levels and most significantly an improved delivery performance to our customers.

Following the acquisition in June 2019, the Bromford team have supported us to develop our financial forecasting, sales inventory and operational planning and recruitment processes. These improved processes will better support the business as it enters this new chapter as part of the Bromford Group.

During the last 18 months we have signed 7 new Long-Term Agreements (LTA) and have supported 2 significant new engine development programs from which we hope to secure additional production OE engine demand. We are currently in discussion with a key customer to extend several significant LTA's for a further five years to help sustain long-term business stability. This will provide confidence to continue investing and developing the business to maintain our position as a key supplier within the aero engine industry.

Subsequent events

Following the period end, the Company entered into the sale & leaseback of its Derby facility for £3.4m on a 20-year lease.

Subsequent to the financial statement date and commencing in 2020, the Company experienced a decline in sales primarily due to the COVID-19 crisis and its impact on the aerospace industry in which the Company operates. The COVID-19 crisis has negatively impacted orderbook, sales, cash and profitability. To counter the effects of COVID-19, redundancies and furloughs were necessary to reduce costs.

ACCROFAB LIMITED
STRATEGIC REPORT
FOR THE PERIOD ENDING 30 SEPTEMBER 2019

Principal risks and uncertainties

Much of the Company's business is covered by long term arrangements with customers. While this provides some stability to prices, the risk of demand levels falling still remains.

The Company is exposed to credit risk with regard to customers. Most of the Company's customers are major multinationals with excellent credit ratings and all customers have agreed credit limits and trade within them. Credit and collection are managed according to territory, centralised in the UK and US, thus ensuring consistent processes and enhanced controls are deployed across the Company. The matter is further reviewed by the directors on a regular basis and the board does not consider it appropriate to carry credit insurance.

Financial key performance indicators

The Company prepares comprehensive management accounts monthly which are reviewed by the Directors. In addition to profit and loss, balance sheet and cash flow information, the Company uses a number of Key Performance Indicators (KPI's) to monitor and track the commercial and operational performance of the business. These include measures of working capital such as debtor days, creditor days, stock turn data and productivity measures such as labour efficiency, delivery performance and arrears tracking.

The nature of the Company's business is such that there is little need for fundamental research and development. In house resources are used to develop the industrial processes in which the Company is involved. Work on new product development is capitalised and written off over the expected sales life of the platform.

Safety, Health and Environmental (SHE) Issues

These issues are taken very seriously and are discussed at every Board meeting with SHE being a lead agenda item. The Company intends to operate at the highest levels of employee safety and protection of the environment. The Company is ISO 140001 accredited. There is a comprehensive range of SHE performance indicators that are presented and reviewed at site level and by the board on a monthly basis. Each site conducts a monthly safety review with all key stakeholders represented.

Employees

The Company takes seriously its responsibilities to employees and, as a matter of policy, routinely provides its employees with information on matters that may concern them. It is also policy of the Company to consult regularly, where practical, with employees or their representatives so that their views may be considered in making decisions likely to affect their interests.

Management of the Company meets periodically with the employee representatives to share information on Company performance, discuss policy changes that may affect them and to give employees an opportunity to discuss local issues and other general concerns and points of clarification.

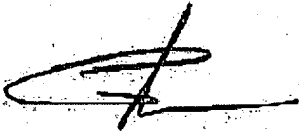
Equality of opportunity is seen as an integral part of the Company's employment practices, policies and procedures. To this end all employees share an obligation to their colleagues, customers and business partners to provide a safe, fair and equitable working environment in which every individual can seek, obtain and continue employment without experiencing any unfair or unreasonable discrimination.

ACCROFAB LIMITED
STRATEGIC REPORT
FOR THE PERIOD ENDING 30 SEPTEMBER 2019

Employees (continued)

The policy of the Company is to offer the same opportunity to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them carrying out their required duties. Employees who become disabled will, wherever possible and practicable, be retained in employment and, where necessary, appropriate re-training will be provided.

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

A handwritten signature in black ink, appearing to be 'G J Lowe', written over a horizontal line.

G J Lowe
Director
Date: 7 May, 2021

ACCROFAB LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The directors present their report and the financial statements for the period ended 30 September 2019.

Dividends

Dividends of £1,000,000 (2018: £5,000) have been issued during the period. The directors recommend that no final dividend be paid.

Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements, unless otherwise stated, were:

G J Lowe

J M Christie-Smith

N J Godfrey

E J Ashworth

T J Swales – resigned May 20, 2020

M J Stock – resigned June 29, 2020

Political and charitable contributions

The Company did not make any political or charitable donations (2018: £Nil) and did not incur any political expenditure during the period (2018: £Nil).

Future developments

Future developments of the Company are detailed in the strategic report.

Going Concern

The financial statements have been prepared on a going concern basis.

The directors have prepared cash flow forecasts for the consolidated Bromford Intermediate Holdings Limited Group reflecting reasonably possible sensitivities. The forecasts are based on the Directors' assessment of the current order book, which is based on long term sales agreements with customers and provides a good level of certainty over the expected revenue levels for the remainder of FY 2021 and for FY 2022. Furthermore, the removal of EBITDA covenants from March 29, 2021 until the reporting period ending June 30, 2022 result in cash headroom being the key focus in respect of the going concern test. In each of the Directors' sensitized forecasts, actions can be taken, if required such as delaying capital expenditure which means the cash exceeds the minimum liquidity requirements in all plausible scenarios. Based on these forecasts, the directors have a reasonable expectation that the Group (and Company) have adequate resources to continue to operate for the foreseeable future.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

ACCROFAB LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

Statement of directors' responsibilities in respect of the financial statements (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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.

Disclosure of information to auditors

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

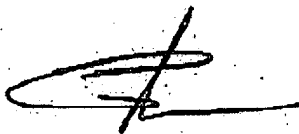
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

Independent auditors

During the period, Johnson, Tisdall Limited resigned as auditors and PricewaterhouseCoopers LLP were appointed.

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

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



G J Lowe
Director
Date: 7 May, 2021

ACCROFAB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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 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 and to enable them to ensure that the financial statements comply with the Companies Act 2006. also responsible for safeguarding the assets of the and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACCROFAB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCROFAB LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Accrofab Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the 18-month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

ACCROFAB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCROFAB LIMITED

Reporting on other information (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ACCROFAB LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ACCROFAB LIMITED

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matt Palmer

Matt Palmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
13 May 2021

ACCROFAB LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

		Period Ended 30 September 2019 £000	Year Ended 31 March 2018 £000
	Note		
Turnover	4	18,651	9,765
Cost of sales		<u>(12,310)</u>	<u>(5,517)</u>
Gross profit		6,341	4,248
Other operating income	5	9	-
Distribution costs		(30)	(18)
Administrative costs		(2,004)	(2,834)
Exceptional administrative costs	14	<u>(65)</u>	<u>-</u>
Operating profit	6	4,251	1,396
Interest receivable and similar income	10	47	32
Interest payable and expenses	11	<u>(3)</u>	<u>-</u>
Profit before tax		4,295	1,428
Tax on profit		<u>(750)</u>	<u>(269)</u>
Profit for the financial period		<u>3,545</u>	<u>1,159</u>
Other comprehensive income for the period		<u>3,545</u>	<u>1,159</u>

There were no recognized gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £NIL).

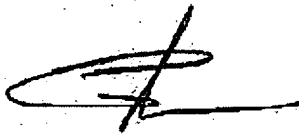
The notes on pages 13 to 28 form part of these financial statements.

ACCROFAB LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

		30 September 2019 £000	31 March 2018 £000
	Note		
Fixed assets			
Intangible assets	15	187	-
Tangible assets	16	<u>2,451</u>	<u>2,660</u>
		2,638	2,660
Current assets			
Stocks	17	1,804	2,049
Debtors: amounts falling due within one year	18	13,574	2,946
Cash at bank and in hand	19	<u>579</u>	<u>7,647</u>
		15,957	12,642
Creditors: amounts falling due within one year	20	<u>(2,257)</u>	<u>(1,477)</u>
Net current assets		<u>13,700</u>	<u>11,165</u>
		16,338	13,825
Creditors: amounts falling due after more than one year	22	<u>(162)</u>	<u>(195)</u>
Net assets		<u>16,176</u>	<u>13,630</u>
Capital and reserves			
Called up share capital	23	11	10
Capital redemption account	24	3	3
Profit and loss account	24	<u>16,162</u>	<u>13,617</u>
		<u>16,176</u>	<u>13,630</u>

The financial statements on pages 10 to 28 were approved and authorized for issue by the board and were signed on its behalf by:



G J Lowe
Director
Date: 7 May, 2021

The notes on pages 13 to 28 form part of these financial statements.

ACCROFAB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2017	10	3	12,463	12,476
Comprehensive income for the year	-	-	1,159	1,159
Profit for the year	-	-	1,159	1,159
Total comprehensive income for the year	-	-	1,159	1,159
Dividends: equity capital	-	-	(5)	(5)
Total transactions with owners	-	-	(5)	(5)
At 1 April 2018	10	3	13,617	13,630
Comprehensive income for the period	-	-	3,545	3,545
Profit for the period	-	-	3,545	3,545
Total comprehensive income for the period	-	-	3,545	3,545
Shares issued during the period	1	-	-	1
Dividends: equity capital	-	-	(1,000)	(1,000)
Total transactions with owners	1	-	(1,000)	(999)
At 30 September 2019	11	3	16,162	16,176

The notes on pages 13 to 28 form part of these financial statements.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1. General information

Accrofab Limited (the "Company") is a private company limited by shares registered under the Companies Act 2006 and incorporated and domiciled in England in the UK. The registered office is Pegasus House, 1 Bromford Gate, Erdington, Birmingham B24 8DW. Refer to the Strategic report for the principal activities.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 financial statements are presented in Sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

The following principal accounting policies have been consistently applied to all periods presented, unless otherwise stated:

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Bromford Intermediate Holdco (UK) Limited as at 30 September 2019 and these financial statements may be obtained from companies house.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis.

The directors have prepared cash flow forecasts for the consolidated Bromford Intermediate Holdings Limited Group reflecting reasonably possible sensitivities. The forecasts are based on the Directors' assessment of the current order book, which is based on long term sales agreements with customers and provides a good level of certainty over the expected revenue levels for the remainder of FY 2021 and for FY 2022. Furthermore, the removal of EBITDA covenants from March 29, 2021 until the reporting period ending June 30, 2022 result in cash headroom being the key focus in respect of the going concern test. In each of the Directors' sensitized forecasts, actions can be taken, if required, such as delaying capital expenditure which means the cash exceeds the minimum liquidity requirements in all plausible scenarios. Based on these forecasts, the directors have a reasonable expectation that the Group (and Company) have adequate resources to continue to operate for the foreseeable future.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction. Foreign exchange differences arising on translation are recognized in the profit and loss account.

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.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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 the Statement of comprehensive income 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.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

The estimated useful lives range as follows:

Development expenditure	3 - 6 years
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ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

The estimated useful lives range as follows:

Freehold property	4% on cost
Plant and machinery	15% on reducing balance
Motor vehicles	20% on reducing balance
Fixtures and fittings	15% on reducing balance
Computer equipment	25% on cost

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.

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.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.18 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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

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

The preparation of the financial statements required the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of asset and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods impacted.

The key judgements and estimates employed in the financial statements are considered below.

Capitalised development costs

The Company undertakes significant levels of research and development activity relating to the development of manufacturing processes and applies judgement in determining when the project moves from research to development and from development to production and hence the recognition criteria under FRS 102 are satisfied. Further judgement is applied in considering whether the carrying value of capitalised development costs are supported by the expected returns on the associated projects.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Deferred taxation

The deferred tax debtor has been recognised in full on the grounds that the directors consider it probable that sufficient profits will be made in future periods to enable the recovery of this debtor. In forming this assessment, the directors have given due consideration to the current financial position and performance of the Company, and the budgeted and forecast performance for the subsequent and future financial periods.

Recoverability of amounts owed by group undertakings

At each reporting date, amounts owed by group undertakings are reviewed for collectability and a reserve is recorded if, in the Directors' judgement, the collectability of the balance is uncertain.

Inventory provision

The Company applies strict inventory provisioning policies which are recalculated monthly and are based on the age of the stock item and, in the case of finished goods, the level of known or anticipated demand.

4. Turnover

All turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
United Kingdom	10,649	5,650
Rest of Europe	2,595	1,570
Rest of the world	5,407	2,545
	<u>18,651</u>	<u>9,765</u>

5. Other operating income

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Insurance claims receivable	<u>9</u>	<u>-</u>

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019.

6. Operating profit

The operating profit is stated after charging:

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Other operating leases	-	8
Depreciation - owned assets	523	287
Loss on disposal of fixed assets	-	15
Foreign exchange differences	7	7
Research and development expenditures written off	-	14

7. Auditors' remuneration

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	<u>23</u>	<u>12</u>

Fees payable to the Company's auditor in 2018 were paid to Johnson Tidsall Limited and in 2019 were paid to PricewaterhouseCoopers LLP.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Wages and salaries	6,292	4,172
Social security costs	623	426
Other pension costs	<u>133</u>	<u>130</u>
	<u><u>7,048</u></u>	<u><u>4,728</u></u>

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

8. Employees (continued)

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

	Period ended 30 September 2019 Number	Year ended 31 March 2018 Number
Production staff	117	105
Administrative staff	30	20
Management staff	3	6
	<u>150</u>	<u>131</u>

9. Directors' remuneration

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Directors' emoluments	2,067	744
Company contributions to defined contribution pension schemes	14	80
	<u>2,081</u>	<u>824</u>

During the period retirement benefits were accruing to 2 directors (2018 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £612,000 (2018: £268,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,000 (2018 - £8,000).

10. Interest receivable

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Other interest receivable	<u>47</u>	<u>32</u>

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

11. Interest payable and similar expenses

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Bank interest payable	<u>3</u>	<u>-</u>

12. Tax on profits

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Corporation tax		
Current tax on profits for the period	<u>783</u>	<u>262</u>
Total current tax	<u>783</u>	<u>262</u>
Deferred tax		
Origination and reversal of timing differences	(37)	7
Changes to tax rates	<u>4</u>	<u>-</u>
Total deferred tax	<u>(33)</u>	<u>7</u>
Taxation on profit and ordinary activities	<u>750</u>	<u>269</u>

Factors affecting tax charge for the period/year:

The tax assessed for the period/year is lower than (2018 - lower) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

12. Tax on profits (continued)

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Profit on ordinary activities before tax	4,295	1,428
Profit on ordinary activities multiplied by the standard rate or corporation tax in the UK of 19% (2018 - 19%)	816	271
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	83	-
Capital allowances for period/year in excess of depreciation	-	10
Other timing differences leading to an increase in taxation	4	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	-	(3)
Other differences leading to an increase in the tax charge	-	(9)
Group relief	(153)	-
Total tax charge for the period/year	750	269

Tax rate changes

The Spring Budget 2021 announced that the UK corporation tax rate will increase to 25% from 1 April 2023. The deferred tax assets and liabilities of the entity have been calculated at 19% as this rate has been substantively enacted at the Balance Sheet date.

13. Dividends

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Interim (2019: £100 per share (2018: £1.90 per share))	1,000	5

No additional dividends were proposed prior to the date of these statements.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

14. Exceptional items

	Period ended 30 September 2019 £000	Year ended 31 March 2018 £000
Stock adjustments	49	-
Salary and related costs	16	-
	<u>65</u>	<u>-</u>

15. Intangible assets

	Development expenditures £000
Cost	
Additions	<u>187</u>
At 30 September 2019	<u>187</u>
Net book value	
At 30 September 2019	<u>187</u>
At 31 March 2018	<u>-</u>

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

16. Tangible assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 April 2018	1,685	3,663	147	279	64	5,838
Additions	1	319	-	31	1	352
Disposals	-	-	(82)	-	-	(82)
At 30 September 2019	<u>1,686</u>	<u>3,982</u>	<u>65</u>	<u>310</u>	<u>65</u>	<u>6,108</u>
Depreciation						
At 1 April 2018	789	2,107	61	199	22	3,178
Charge for the period on owned assets	80	366	20	20	37	523
Disposals	-	-	(44)	-	-	(44)
At 30 September 2019	<u>869</u>	<u>2,473</u>	<u>37</u>	<u>219</u>	<u>59</u>	<u>3,657</u>
Net book value						
At 30 September 2019	<u>817</u>	<u>1,509</u>	<u>28</u>	<u>91</u>	<u>6</u>	<u>2,451</u>
At 31 March 2018	<u>896</u>	<u>1,556</u>	<u>86</u>	<u>80</u>	<u>42</u>	<u>2,660</u>

Included in cost of plant, equipment, fixtures and fittings is freehold land of £356,423 (2018: £356,423) which is not depreciated.

17. Stocks

	30 September 2019 £000	31 March 2018 £000
Raw materials and consumables	547	557
Work in progress (goods to be sold)	641	733
Finished goods and goods for resale	<u>616</u>	<u>759</u>
	<u>1,804</u>	<u>2,049</u>

A stock provision of £258,000 (2018: £445,000) is held at the end of the financial period.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

18. Debtors

	30 September	31 March
	2019	2018
	£000	£000
Trade debtors	2,379	2,786
Amounts owed by group undertakings	11,037	-
Prepayments and accrued income	158	160
	<u>13,574</u>	<u>2,946</u>

Included within trade debtors is a provision against trade debtors of £Nil (2018: £Nil).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19. Cash at bank and in hand

	30 September	31 March
	2019	2018
	£000	£000
Cash at bank and in hand	<u>579</u>	<u>7,647</u>

20. Creditors: Amounts falling due within one year

	30 September	31 March
	2019	2018
	£000	£000
Trade creditors	791	525
Corporation tax	783	262
Other taxation and social security	330	225
Other creditors	18	425
Accruals and deferred income	335	40
	<u>2,257</u>	<u>1,477</u>

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

21. Financial instruments

	30 September 2019 £000	31 March 2018 £000
Financial assets		
Financial assets measured at amortised cost	<u>14,153</u>	<u>10,432</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,144)</u>	<u>(1,036)</u>

Financial assets that are measured at amortised cost comprise: bank and cash in hand, trade debtors, and Amounts owed by Group undertakings.

Financial liabilities measured at amortised cost comprise Trade creditors, Accruals, and Other creditors.

22. Deferred taxation

	2019 £000	2018 £000
At beginning of year	(195)	(202)
Charged to profit and loss	<u>33</u>	<u>7</u>
At end of year	<u>(162)</u>	<u>(195)</u>

The provision for deferred taxation is made up as follows:

	30 September 2019 £000	31 March 2018 £000
Accelerated capital allowances	(158)	(195)
Other	<u>(4)</u>	<u>-</u>
	<u>(162)</u>	<u>(195)</u>

23. Called up share capital

	30 September 2019 £000	31 March 2018 £000
Allotted, called up and fully paid 10,665,338 Ordinary shares of £0.001 (2018: 10,000 Ordinary shares of £1.00 each)	<u>11</u>	<u>10</u>
	<u>11</u>	<u>10</u>

On 24 June 2019, the company subdivided their 10,000 ordinary shares of £1.00 each into 10,000,000 ordinary shares of £0.001. On 25 June 2019, the company issued 665,338 ordinary shares of £0.001.

ACCROFAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

24. Reserves

Capital redemption reserve

This reserve relates to the value of share capital redeemed out of the Company's profit.

Profit and loss account

Includes all current period and prior year retained profits and losses.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £133,000 (2018: £130,000). Contributions totaling £18,000 (2018: £10,000) were payable to the fund at the balance sheet date and are included in creditors.

26. Related party transactions

The Company has applied the exemptions available under paragraph 33.11 of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries.

27. Post balance sheet events

Following the period end, the Company entered into the sale & leaseback of its Derby facility for £3.4m on a 20-year lease.

Subsequent to the financial statement date and commencing in 2020, the Company experienced a decline in sales primarily due to the COVID-19 crisis and its impact on the aerospace industry in which the Company operates. The COVID-19 crisis has negatively impacted orderbook, sales, cash and profitability. To counter the effects of COVID-19, redundancies and furloughs were necessary to reduce costs.

28. Controlling party

The immediate parent company is Bromford Industries Limited. The ultimate parent company is Bromford Holdings LP. Indirectly, the Company is owned by Liberty Hall Capital Partners Fund I, L.P., and other investing parties, managed by Liberty Hall Capital Partners Fund I GP, Ltd., the ultimate controlling party of which is Rowan G.P. Taylor.

The largest group in which the results of the Company are consolidated is that headed by Bromford Intermediate Holdings Limited, incorporated in the Cayman Islands.

The smallest group in which they are consolidated is that headed by Bromford Intermediate Holdco (UK) Limited, incorporated in the United Kingdom. The consolidated financial statements are available to the public and may be obtained from Pegasus House, 1 Bromford Gate, Erdington, Birmingham, B24 8DW.