

Registered number: 02889486

WYMAN-GORDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 JANUARY 2022



WYMAN-GORDON LIMITED

COMPANY INFORMATION

Directors	A M Armagno R A Beyer A C Dimmer S Hagel J R Puetz (appointed 1 July 2021) R P Becker (resigned 30 June 2021)
Company secretary	J Freeman
Registered number	02889486
Registered office	C/O Special Metals Wiggin Ltd Wiggins Works Holmer Road Hereford HR4 9SL
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 110 Queen Street Level 8 Glasgow G1 3BX
Bankers	Bank of America 6-8 George Street Edinburgh EH2 2SA
Solicitors	CMS Saltire Court 20 Castle Terrace Edinburgh EH1 2EN

WYMAN-GORDON LIMITED

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WYMAN-GORDON LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 2 JANUARY 2022

Introduction

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

Company policy is that the financial statements are prepared up until the nearest Sunday to the year end of 30 December, which was Sunday 2nd January for this year.

Principal activities

The group's principal activities during the period ending 2 January 2022 were to supply forged products globally to the aerospace and energy markets. References to the 'group' represent this company, and its subsidiary undertaking, Wyman-Gordon (Lincoln) Limited. Any references to the 'PCC group' means the wider group of subsidiary undertakings owned by the immediate parent company, Precision Castparts Corp.

Business review and future developments

The results of the group show a profit before tax of £4,679,000 for the period ending 2 January 2022 on sales of £66,919,000 (*Compared to prior year ending 30 December 2020: loss of £3,644,000 on sales of £73,235,000*). The group had net assets of £113,468,000 as at 2 January 2022 (*30 December 2020: £105,676,000*). Gross profit margin improved in the year however this was a result of the impact of Covid in the prior year.

Turnover has reduced in the period, following the Covid pandemic and associated reduction in air travel. The markets contracted by approximately 50% over a 3 month period as OEMs looked to adjust their forward looking forecasts. In direct response, the business undertook restructuring during 2020 together with a number of cost reduction initiatives to minimize the financial impact to the business. This also included strategically placed shutdowns that aligned with customer demand schedules.

Future developments include investment in automation and more energy efficient manufacturing sources to counter rising costs related to inflation on wages and energy costs.

Other key performance indicators

Revenue, operating profit, and gross profit margin are considered key performance indicators and are discussed above. In addition, the group monitors other key performance indicators. At the period-end operating working capital was 39.4% of turnover (*30 December 2020: 40.5%*). The operating working capital ratio is calculated by taking the quarter end working capital balance (trade receivables plus stock less trade payables) and comparing this against annualised turnover for the quarter, after adjusting for the effect of foreign exchange. Following the slowdown in the aerospace sector, considerable focus was placed on inventory reduction and generating free cash flow from operations.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks affecting the group are speed of recovery in the aerospace sector, the ongoing pandemic, competition, volatility in energy markets and fluctuations in the foreign exchange. Appropriate mitigations and strategies have been implemented to minimize the impact to the business. Mid 2021, the business took proactive steps to implement significant hedges for Gas and Electric to mitigate some of the forecasted increases. This was a key component to protecting profitability in Q3 and Q4.

Market Recovery

Our aerospace portfolio is split into Domestic, Long haul and military. We have focused our business development activity on domestic which is forecast to recover the quickest in the current market. During Q3/Q4 2021, air traffic numbers recovered steadily and forecasts for 2022 are strong growth across all sectors and geographies.

WYMAN-GORDON LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 2 JANUARY 2022

Competition

The group operates in a highly competitive market around price and product quality. This can have an impact in downward pressure on the group's margins. In order to mitigate this risk our sales team monitors market prices on an ongoing basis. Furthermore, the quality team continually monitors the quality of product being produced and ensures the group maintains a rigorous quality system. During 2020, the company launched a quality initiative focused around zero defects aligning with customer expectation and ensuring we position ourselves as supplier of choice. The focus on quality and on-time delivery placed the business in a strong position during 2021 and we received a number of pull in requests to support customers. This assisted with higher volume and enhanced margin.

Foreign currency

The group sells into a number of markets worldwide. Some of this turnover is in foreign currency, and therefore the group has an exposure to foreign currency movements. In order to mitigate this risk, the group hedge against currency exposures using foreign exchange contracts.

Section 172 statement

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

The company is a subsidiary and business unit of Precision Castparts Corp. (Parent) which is a member of Berkshire Hathaway Inc., a public company incorporated and registered in the United States of America, as the ultimate holding company. The governance framework delegates authority for local decision-making at business unit level up to defined levels of cost and impact which allow the individual businesses to take account of the needs of their own stakeholders in the decision-making. The culture, value and standards that underpin this delegation ensure that when decisions are made the wider impact has been considered.

Details of the business unit key stakeholders and how we engage with them are set out below.

Shareholders

From the perspective of the Board of Directors, as a result of the group governance the Parent has taken the lead in regards to assuring the strategy, performance and key decisions take into account stakeholder interests in decision-making. The Parent is well informed about the views of stakeholders through the regular communication on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. The quarterly board meetings ensure transparency and clear communications between the operating business and the shareholders.

WYMAN-GORDON LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JANUARY 2022**

Customers and suppliers

The Board of Directors and Parent work together with local leadership in carrying out the duties in respect of the company's other stakeholders. Since we manufacture products for critical aerospace, power, oil and gas and other industrial applications we operate with a high degree of competence and personal integrity while having a constant focus on quality, cost, and delivery. Our reputation depends on our ability to meet our customers' specifications and instructions. Under no circumstance should a departure from customer specification occur without being reported and authorized through the appropriate channels. Our suppliers play a critical role in our ability to operate and provide products and services to our customers. To protect our reputation and perform with integrity, we must choose our suppliers carefully, based on merit and with the expectation and requirement that our suppliers will act in a manner consistent with our compliance, health and safety requirement and ethics standards. We follow these guidelines when selecting suppliers:

- 1) Do business only with suppliers who comply with all applicable laws, rules and regulations and Precision Castparts Corp's compliance and ethical standards.
- 2) Do not do business with a supplier who has known or suspected unsafe working conditions or exhibits a disregard for environmental standards.
- 3) Choose suppliers based on open, competitive bidding, without favouritism or unlawful discrimination.
- 4) Do not participate in any decision to direct business to a supplier owned or managed by a relative or close friend. Disclose the relationship in advance to those involved in making the decision.

When working with suppliers, we follow these guidelines:

- 1) Safeguard our confidential and proprietary information with a confidentiality or non-disclosure agreement and safeguard any supplier-provided information protected by any similar agreement.
- 2) Require the highest standards of product quality, testing and inspections according to customer specifications, and communicate these expectations clearly.
- 3) Never accept loans, improper gifts or other items of excessive value from suppliers.

Many of our key customers and suppliers have multi-year contracts to foster strong partnerships. Local leadership meet regularly with key customers and suppliers to discuss the business relationship, performance, future forecasts and long-term investment strategies.

Government and regulators

Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board of Directors is updated on legal and regulatory developments and takes these into account when considering future actions.

Employees

Our employees are fundamental to the delivery of our long-term strategic plan. All new employees are required to acknowledge reading the Parent company's business code of conduct which establishes how all employees of the company should engage with stakeholders. The health, safety, and well-being of our employees is one of our primary considerations in the way we do business. We aim to recruit and develop local people and be a responsible employer in our approach to the pay and benefits our employees receive. We also work with our employees to support local causes and issues.

The Board of Directors, Parent and local leadership together take responsibility for safeguarding the interest of employees and the company's obligations to the pension scheme.

The company periodically performs employee engagement surveys. The results of the survey and planned actions to be taken have been reviewed with the local leadership to ensure that the right culture is in place to meet the strategic needs of the business.

WYMAN-GORDON LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 2 JANUARY 2022

The company's leadership undertakes communication sessions with employees to update on the operations, strategy of the business and to answer questions about the business.

We pride ourselves our diversity and inclusion with fairness and respect at all levels of the organization.

Environment

We conduct business in an environmentally responsible way by:

- 1) Operating our facilities in compliance with all environmental laws, rules and regulations;
- 2) Providing management oversight of environmental practices at each plant;
- 3) Training our employees in proper waste management procedures;
- 4) Minimizing the creation of waste, especially hazardous waste, and disposing of all waste in a safe and responsible manner; and
- 5) Acting as good neighbours to our surrounding communities by communicating with the public regarding our environmental management practices and participating in community environmental improvement efforts.

Energy Efficiency Action

Wyman Gordon Limited has installed low energy LED lighting and variable speed air compressors. Put in place sub-metering system that provides daily usage data for production the processes. Has established energy pipelines to identify, implement and sustain efficiency projects to align with the companies Energy & Utilities Policy.

Is actively working with third parties to evaluate to potential of waste heat recovery to offset the use of natural gas for heating and domestic hot water.

Is actively seeking ISO 140001 accreditation.

Streamlined Energy and Carbon Reporting ('SECR')

This report provides emissions disclosure and supporting data required by complying with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ('the 2013 Regulations') and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations').

Examples of actions taken by the Company to reduce energy consumption and resulting emissions include installing low energy LED lighting, sub-metering for monitoring daily energy usage in production processes. The Company also has established energy pipelines to identify, implement and sustain efficiency projects, and is actively working with third parties to evaluate the potential of PV to supply low carbon electricity on-site and CHP to offset the use of natural gas for heating and domestic hot water.

Methodology

The information reported below shall include the impact from all relevant activities where the Company exhibits financial and/or operational control. The Company shall use verifiable data where practicable, or through reasonable estimates derived through calculation based on verifiable data. The below data includes UK consumption of electricity, gas and transport fuels where the Company is directly responsible for such fuel usage.

WYMAN-GORDON LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JANUARY 2022

The following table contains the information relevant to the Company for the SECR requirements for the period ended 2 January 2022:

Emissions and Energy Use Data	kWh / Tonnes CO2e 2021	kWh / Tonnes CO2e 2020
Total aggregate energy consumption in kWh used to calculate emissions	71,182,394	64,816,161
Emissions from combustion of gas (Scope 1)	10,912	9,883
Emissions from purchased electricity (Scope 2, location-based)	2,462	2,579
Emissions from combustion of fuel for transport purposes (Scope 1)	0	6
Emissions from business travel (purchased fuel) (Scope 3)	3	0
Total Emissions based on above	13,377	12,469
Intensity Ratio	0.0977	0.0667

The Intensity Ratio is calculated by dividing tonnes CO2e by the total standard hours produced. The 'earned standard hours' (ESH) is the metric that is most closely tied to the volume of production of material forgings. The Directors consider the above intensity ratio to be the most appropriate ratio as the primary business of the Company is the manufacturing of large alloy products including ingot, billet, bar, plate and pipe, with docked weight being most closely linked with the intensity of the business.

This report was approved by the board on 11/12/2022 and signed on its behalf.

Anthony Dimmer
A C Dimmer
 Director

WYMAN-GORDON LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 2 JANUARY 2022**

The directors present their report and the financial statements for the period ended 2 January 2022.

Results and dividends

The profit for the period, after taxation, amounted to £4,273,000 (2020: loss £3,556,000).

The directors did not recommend the payment of a dividend in the year (2020: £Nil).

Directors

The directors who served during the period were:

A M Armagno
R A Beyer
A C Dimmer
S Hagel
J R Puetz (appointed 1 July 2021)
R P Becker (resigned 30 June 2021)

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and 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 will continue in business.

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

Charitable contributions

There were no contributions for charitable purposes (2020: £Nil). There were no contributions for political purposes (2020: £Nil).

WYMAN-GORDON LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 2 JANUARY 2022

Safety policy

Throughout the period, the group demonstrated its continuing commitment to safety. The directors believe that the emphasis placed on safety within the workplace benefits both employees, through improved motivation and morale, and the group, through increased productivity and reduced absenteeism.

Principal risks and uncertainties

Credit risk

The group's principal financial assets are bank balances, cash and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Wyman-Gordon Limited is exposed to a concentration of credit risk for trade receivables. The company has longstanding relationships with its customers and management considers the credit risk to be low.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group has available short-term, debt finance, solely from other PCC group undertakings. All amounts are repayable on demand within one year.

Future developments and events after the balance sheet date

There were no future developments after the balance sheet date.

Going concern

The group's business activities are spread over a number of industries and geographical locations. Its major customers and suppliers have significant experience in operating within those industries. The group has considered the principal risks and uncertainties of the business and has set out its policy (as detailed in the Strategic report on page 1) for limiting those risks.

The group pools all cash generated into, and also has access to a central cash pooling arrangement with its intermediate parent company, Precision Castparts Corp ('PCC'). In addition, the directors have been supplied with a letter of support from PCC which will ensure any necessary financial support is provided within twelve months from the date of these financial statements. The directors have satisfied themselves that PCC has the necessary financial resources to provide this support during this period, should it be required. Therefore, the directors have a reasonable expectation that the group and the company have adequate resources internally and through its association with PCC, to continue in operational existence for the foreseeable future and as such, the going concern basis has been adopted in preparing the annual report and financial statements.

Research and development

Within the aerospace sector, research and development is focused on manufacturing improvements to increase capacity and capability and to maintain leadership in offering world-class forgings to the aerospace industry.

WYMAN-GORDON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 2 JANUARY 2022**

Employees

The group gives full and fair consideration to applications for employment made by disabled persons and, where appropriate, would arrange for the retraining of those who became disabled whilst in employment. The group also endeavours to give equal opportunities of training, career development and promotion to all employees.

During the period, the group remained committed to its policy of providing employees with information about the group. This encourages participation in the group's development and addresses employee concerns. Employee involvement is encouraged by the use of the following:

- Communication meetings with local management;
- Employee suggestion schemes;
- Local notices and bulletins;
- Employee newsletter; and
- Awards to employees as recognition of performance.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

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

This report was approved by the board on 11/12/2022 and signed on its behalf.

Anthony Dimmer

A C Dimmer
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYMAN-GORDON LIMITED

Qualified opinion

We have audited the financial statements of Wyman Gordon Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 2 January 2022, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity and company statement of changes in equity notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for the qualified opinion section of our report, 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 2 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

The company operates a defined benefit pension scheme. Included within the total gross pension assets of £88m are certain pension assets of £1.5m for which the directors were unable to obtain a valuation from the relevant investment advisor as at the balance sheet date. The investment advisor was unable to provide a valuation statement to the directors as at the financial period end date as a result of ongoing litigation relating to this investment. The company is not a party to this litigation. Given this, the directors have valued this investment based on a valuation provided by the investment advisor as of 31 January 2020, less a discount, and amounts to £1.5m, which has been included within the total gross pension assets valuation.

We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the pension assets at the balance sheet date amounting to £1.5m because we were also unable to obtain direct confirmation from the investment advisor and unable to satisfy ourselves by alternative means as to the valuation of this pension asset. Consequently, we were unable to determine whether any adjustments to the carrying value of the pension assets were necessary and therefore whether there was any consequential effect on statement of comprehensive income and the balance sheet for the period ended 2 January 2022. This applies equally to the comparative figures for 30 December 2020, as we were also unable to obtain sufficient appropriate evidence in the prior year audit for the same balance.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYMAN-GORDON LIMITED (CONTINUED)

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and parent company's financial resources or ability to continue operations over the going concern period.

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 and 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

As described in the basis for qualified opinion section above, we were unable to obtain sufficient appropriate evidence regarding a pension asset investment of £1.5m held at 2 January 2022. This applies equally to the comparative figures for 30 December 2020, as we were also unable to obtain sufficient appropriate evidence in the prior year audit for the same balance. Accordingly, we are unable to conclude whether or not the other information is materially misstated for the same reason.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYMAN-GORDON LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

Arising solely from the limitation on the scope of our work relating to pension assets, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

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

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYMAN-GORDON LIMITED (CONTINUED)

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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the group, and the industry in which it operates by making enquiries of management. We also enquired as to whether there were any instances of non compliance with laws and regulations or whether there were any knowledge of actual or suspected fraud. We determined that FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and Health & Safety at Work Act 1974 to be the most significant laws and regulations to the entity, in addition to the relevant tax compliance regulations in the UK.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, and bribery and corruption practices.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the group's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYMAN-GORDON LIMITED (CONTINUED)

- Audit procedures performed by the engagement team included:
 - We enquired of the local compliance officer, management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Testing manual journal entries, in particular journal entries relating to management estimates and those journals determined to be large or unusual;
 - Reviewing legal and professional expenditure in the year to assess for any indicators of non-compliance with relevant laws and regulations;
 - Completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements; and
 - Identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - knowledge of the industry in which the group operates and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
 - understanding of the legal and regulatory requirements specific to the group.
- All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the group's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risk of material misstatement.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.



Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYMAN-GORDON LIMITED (CONTINUED)

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.

Grant Thornton UK LLP

Lorraine Macphail
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
Date: 12/12/2022

WYMAN-GORDON LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 2 JANUARY 2022**

	Note	2021 £000	2020 £000
Turnover	4	66,919	73,235
Cost of sales		(60,618)	(73,178)
Gross profit		6,301	57
Administrative expenses		(3,234)	(5,301)
Other operating income	5	2,137	2,553
Operating profit/(loss)	6	5,204	(2,691)
Interest payable and similar expenses	10	(525)	(953)
Profit/(loss) before taxation		4,679	(3,644)
Tax on profit/(loss)	11	(406)	88
Profit/(loss) for the financial period		4,273	(3,556)
Actuarial gain relating to the pension scheme		4,692	2,572
Deferred tax relating to the actuarial gain		(1,173)	(489)
Other comprehensive income for the period		3,519	2,083
Total comprehensive income for the period		7,792	(1,473)
Profit/(loss) for the period attributable to:			
Owners of the parent Company		4,273	(3,556)

The notes on pages 20 to 42 form part of these financial statements.

WYMAN-GORDON LIMITED
REGISTERED NUMBER:02889486

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 2 JANUARY 2022

		2 January 2022 £000	30 December 2020 £000
	Note		
Fixed assets			
Tangible assets	12	37,666	39,398
Current assets			
Stocks	14	20,112	25,207
Debtors: amounts falling due within one year	15	98,404	86,286
		<u>118,516</u>	<u>111,493</u>
Creditors: amounts falling due within one year	16	(23,649)	(20,843)
Net current assets		<u>94,867</u>	<u>90,650</u>
Total assets less current liabilities		<u>132,533</u>	<u>130,048</u>
Provisions for liabilities			
Other provisions	18	(507)	(207)
		<u>(507)</u>	<u>(207)</u>
Net assets excluding pension liability		<u>132,026</u>	<u>129,841</u>
Pension liability	21	(18,558)	(24,165)
Net assets		<u><u>113,468</u></u>	<u><u>105,676</u></u>
Capital and reserves			
Called up share capital	19	12,904	12,904
Revaluation reserve	20	9,919	10,703
Profit and loss account	20	90,645	82,069
Equity attributable to owners of the parent Company		<u><u>113,468</u></u>	<u><u>105,676</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11/12/2022

Anthony Dimmer
A C Dimmer
 Director

The notes on pages 20 to 42 form part of these financial statements.

WYMAN-GORDON LIMITED
REGISTERED NUMBER:02889486

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 2 JANUARY 2022

		2 January 2022 £000	30 December 2020 £000
	Note		
Fixed assets			
Tangible assets	12	37,666	39,398
Current assets			
Stocks	14	20,112	25,207
Debtors: amounts falling due within one year	15	98,404	86,286
		<u>118,516</u>	<u>111,493</u>
Creditors: amounts falling due within one year	16	(26,664)	(23,858)
Net current assets		<u>91,852</u>	<u>87,635</u>
Total assets less current liabilities		<u>129,518</u>	<u>127,033</u>
Other provisions	18	(507)	(207)
Net assets excluding pension liability		<u>129,011</u>	<u>126,826</u>
Pension liability	21	(18,557)	(24,165)
Net assets		<u><u>110,454</u></u>	<u><u>102,661</u></u>
Capital and reserves			
Called up share capital	19	12,904	12,904
Revaluation reserve	20	9,919	10,703
Profit and loss account brought forward		79,054	79,996
Profit/(loss) for the period		4,274	(3,556)
Other changes in the profit and loss account		4,303	2,614
Profit and loss account carried forward		<u>87,631</u>	<u>79,054</u>
Total equity		<u><u>110,454</u></u>	<u><u>102,661</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11/12/2022

Anthony Dimmer

A C Dimmer
Director

The notes on pages 20 to 42 form part of these financial statements.

WYMAN-GORDON LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 JANUARY 2022**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 30 December 2020	12,904	10,703	82,069	105,676
Comprehensive income for the period				
Profit for the period	-	-	4,273	4,273
Total comprehensive income for the period	-	-	4,273	4,273
Other comprehensive income	-	-	3,519	3,519
Depreciation transfer	-	(784)	784	-
At 2 January 2022	12,904	9,919	90,645	113,468

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2020**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020 (as previously stated)	12,904	11,234	78,564	102,702
Prior year adjustment	-	-	4,447	4,447
At 1 January 2020 (as restated)	12,904	11,234	83,011	107,149
Comprehensive income for the year				
Loss for the year	-	-	(3,556)	(3,556)
Other comprehensive income	-	-	2,083	2,083
Total comprehensive income for the year	-	-	(1,473)	(1,473)
Depreciation transfer	-	(531)	531	-
Total transactions with owners	-	(531)	531	-
At 30 December 2020	12,904	10,703	82,069	105,676

The notes on pages 20 to 42 form part of these financial statements.

WYMAN-GORDON LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 JANUARY 2022**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 30 December 2020	12,904	10,703	79,054	102,661
Comprehensive income for the period				
Profit for the period	-	-	4,274	4,274
	-	-	4,274	4,274
Total comprehensive income for the period				
Contributions by and distributions to owners				
Other comprehensive income	-	-	3,519	3,519
Depreciation transfer	-	(784)	784	-
At 2 January 2022	12,904	9,919	87,631	110,454

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2020**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020 (as previously stated)	12,904	11,234	75,549	99,687
Prior year adjustment	-	-	4,447	4,447
At 1 January 2020 (as restated)	12,904	11,234	79,996	104,134
Comprehensive income for the year				
Loss for the year	-	-	(3,556)	(3,556)
Other comprehensive income	-	-	2,083	2,083
	-	-	(1,473)	(1,473)
Total comprehensive income for the year				
Depreciation transfer	-	(531)	531	-
Total transactions with owners				
	-	(531)	531	-
At 30 December 2020	12,904	10,703	79,054	102,661

The notes on pages 20 to 42 form part of these financial statements.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

1. General information

Wyman-Gordon Limited is a private company limited by shares registered in England and Wales, incorporated in the United Kingdom under the Companies Act 2006 (Company Registration No. 02889486). The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The functional currency of Wyman-Gordon Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling.

Wyman-Gordon Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it, both in relation to those disclosures made in the financial statements of the ultimate parent company (note 24), into which the results of this group are consolidated, and in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in these separate company financial statements in relation to the presentation of a cash flow statement, financial instruments, remuneration of key management personnel and related parties.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of Wyman-Gordon Limited and its subsidiary undertakings drawn up for the period to 2 January 2022. No separate profit and loss account is presented for Wyman-Gordon Limited as permitted by section 408 of the Companies Act 2006.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

2. Accounting policies (continued)

2.3 Going concern

The group's business activities are spread over a number of industries and geographical locations. Its major customers and suppliers have significant experience in operating within those industries. The group has considered the principal risks and uncertainties of the business and has set out its policy (as detailed in the Strategic report on page 2) for limiting those risks.

The group pools all cash generated into, and also has access to a central cash pooling arrangement with its intermediate parent company, Precision Castparts Corp ('PCC'). In addition, the directors have been supplied with a letter of support from PCC which will ensure any necessary financial support is provided within twelve months from the date of these financial statements. The directors have satisfied themselves that PCC has the necessary financial resources to provide this support during this period, should it be required. Therefore, the directors have a reasonable expectation that the group and the company have adequate resources internally and through its association with PCC, to continue in operational existence for the foreseeable future and as such, the going concern basis has been adopted in preparing the annual report and financial statements.

2.4 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction: Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet. Non-monetary items that are measured in terms of historical cost are not retranslated. All exchange differences are included in the profit and loss account.

2.5 Revenue

Turnover represents the invoiced amount of goods sold and services provided during the year, net of value added tax.

The turnover of continuing operations is attributable to the manufacture and supply of components for the aerospace, energy and defence industries. Revenue is recognised at the point risks and rewards are transferred to the customer, which is dependent upon contractual terms and methods of shipment and collection.

Turnover and group profit before taxation are not analysed by each class of business or geographical area as the directors believe it would be detrimental to the commercial interests of the group.

In addition to the turnover discussed above the group earns income from a number of other sources such as the sale of scrap metal. These amounts are included in other operating income.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

2. Accounting policies (continued)

2.6 Government grants

Grants of a revenue nature are recognised in the Statement of Comprehensive income in the same period as the related expenditure.

Income received from the Coronavirus Job Retention scheme has been included in other income, and recognised in the period in which the wages and salaries are recognised.

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 Research and development

Research and development expenditure is written off in the profit and loss account as incurred.

2.9 Leases

Rentals under operating leases are charged in the profit and loss account on a straight-line basis over the lease term; even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2.10 Environmental costs

The estimated costs for known environmental remediation requirements are accrued on an undiscounted basis when it is probable that a liability has been incurred and the amount of remediation costs can be reasonably estimated. The Directors are satisfied that the effect of discounting the provision would not be material.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

2. Accounting policies (continued)

2.11 Pensions

The group operates a defined benefit pension scheme. The funds are valued on a regular basis by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The service cost of pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the group's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account under "other finance charges".

Defined benefit scheme are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 21 to the financial statements.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

2. Accounting policies (continued)**2.12 Current and deferred taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the group has a legally enforceable right to set off current tax assets against current tax liabilities and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

2. Accounting policies (continued)**2.13 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Land and buildings	- Over 25 years
Plant and machinery	- 4 to 12 years

Depreciation on assets in course of construction commences when the assets are placed into operational use.

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

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

2.14 Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials and consumables, purchase cost on a first in, first out basis, is used. For work in progress and finished goods manufactured by the group, cost is taken as a production cost, which includes direct materials, labour and an appropriate proportion of overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

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.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

2. Accounting policies (continued)

2.18 Provisions for liabilities

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

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

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

2.19 Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

- (c) There are no conditional returns or repayment provisions except for the variable rate return described in (a).

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

2. Accounting policies (continued)**2.19 Financial instruments (continued)**

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loan; which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting 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.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2.20 Related party transactions

Related party transactions with other group companies 100% owned by the ultimate parent company (note 24) have not been disclosed in accordance with the exemption for wholly-owned subsidiary undertakings contained in Financial Reporting Standard Section 33 "Related Party Disclosures".

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

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

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements and key source of estimation uncertainty in applying the group's accounting policies
The following is the critical estimate that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty - discount rate used to determine the carrying amount of the group's defined benefit obligation.

The group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period. Significant estimation is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

Critical judgements

There was an incident at the Lincoln plant in November 2018 whereby a lifting sling failed resulting in an injury to an employee. In connection with this the company is dealing with legal proceedings issued in December 2019 which may ultimately result in a financial outflow if the company is deemed liable. A provision has been created taking into account uncertainties around the level of culpability of the claim in line with guidance provided.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£000	£000
Sales	66,919	73,235

All turnover arose within the United Kingdom.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

5. Other operating income

	2021	2020
	£000	£000
Other operating income	1,709	1,092
Government grants receivable	428	1,461
	<u>2,137</u>	<u>2,553</u>

6. Operating profit/(loss)

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

	2021	2020
	£000	£000
Foreign exchange loss/(gain)	1,322	(2,405)
Depreciation of tangible fixed assets	4,226	4,115
Amortisation of intangible assets	-	182
Operating lease rentals	86	177
	<u>86</u>	<u>177</u>

7. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	86	96
	<u>86</u>	<u>96</u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	15	9
Accounts preparation fee	7	7
Taxation advisory services	55	49
	<u>77</u>	<u>65</u>

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

8. Employees

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

	Group 2021 £000	<i>Group 2020 £000</i>	Company 2021 £000	<i>Company 2020 £000</i>
Wages and salaries	6,972	<i>10,149</i>	6,972	<i>10,149</i>
Social security costs	626	<i>1,083</i>	626	<i>1,083</i>
Pension service costs	504	<i>897</i>	504	<i>897</i>
Other pension contributions	405	<i>603</i>	405	<i>603</i>
	8,507	<i>12,732</i>	8,507	<i>12,732</i>

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

	2021 No.	<i>2020 No.</i>
Production	145	<i>234</i>
Administration	19	<i>21</i>
	164	<i>255</i>

9. Directors' remuneration

	2021 £000	<i>2020 £000</i>
Directors' emoluments	293	<i>264</i>

The highest paid director received remuneration of £293,000 (2020: £264,000).

One (2020: one) director received remuneration in respect of their services to the company. All other directors are paid directly through Precision Castparts Corp. ("PCC"). It is considered that the time spent in relation to Wyman-Gordon Limited is insignificant.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

10. Interest payable and similar expenses

	2021	2020
	£000	£000
Net charge on pension scheme	349	534
Other finance (income)/charges - group undertakings	176	419
	525	953

11. Taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the period	826	(41)
Adjustments in respect of previous periods	-	(7)
Total current tax	826	(48)
Deferred tax		
Origination and reversal of timing differences	317	331
Adjustments in respect of prior periods	(306)	(175)
Effect of tax rate changes on opening balance	(431)	(196)
Total deferred tax	(420)	(40)
Taxation on profit/(loss) on ordinary activities	406	(88)

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

11. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit/(loss) on ordinary activities before tax	4,679	(3,644)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	889	(693)
Effects of:		
Disallowable expenses and non-taxable income	75	765
Fixed asset differences	175	218
Adjustments to tax charge in respect of prior periods - current tax	-	(7)
Adjustments to tax charge in respect of prior periods - deferred tax	(306)	(175)
Rate change	(427)	(196)
Total tax charge for the period	406	(88)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%, which was substantively enacted on 24 May 2021. As at 31 March 2022, the deferred taxes have been measured and reflected in the financial statements using the expected future tax rate at 25%.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets**Group and Company**

	Assets in the course of construction £000	Land and buildings £000	Plant and machinery £000	Total £000
Cost or valuation				
At 31 December 2020	1,771	12,584	72,644	86,999
Additions	2,497	-	-	2,497
Disposals	-	-	(60)	(60)
Transfers between classes	(3,197)	806	2,391	-
At 2 January 2022	1,071	13,390	74,975	89,436
Depreciation				
At 31 December 2020	-	3,021	44,580	47,601
Charge for the period on owned assets	-	558	3,668	4,226
Disposals	-	-	(57)	(57)
At 2 January 2022	-	3,579	48,191	51,770
Net book value				
At 2 January 2022	1,071	9,811	26,784	37,666
At 30 December 2020	1,771	9,563	28,064	39,398

Land and buildings and plant and machinery were independently valued by Stout Risius Ross as part of the FRS 102 transition in 2015 on the basis of highest and best use, which has been determined on a depreciated replacement cost basis and reflects the existing use value of both the premises, and plant and machinery, based on its continued use by Wyman-Gordon Limited. This valuation would not necessarily be reflective of the market value of the property should it be sold to a third party. This valuation was arrived at on the basis of an inspection and survey of Wyman-Gordon Limited's land and buildings and plant and machinery. The company does not adopt a revaluation policy for its land and buildings or plant and machinery, and opted to use fair value at the date of transition to FRS 102 as the deemed cost going forward.

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

12. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2	30
	January	<i>December</i>
	2022	<i>2020</i>
	£000	<i>£000</i>
Land and buildings	9,811	<i>9,563</i>

13. Investments

The company also holds 100% of the issued ordinary share capital of Wyman-Gordon (Lincoln) Limited, a company incorporated in England whose trade is the provision of management services to the company. This investment is carried at cost of £1.

Name of company	Country of incorporation	Proportion of nominal value of issued share capital	Principal activity	Registered address
Wyman-Gordon (Lincoln) Limited	England	100%	Dormant	C/O Special Metals Wiggin Limited, Wiggin Works, Holmer Road, Hereford, HR4 9SL

14. Stocks

	Group	<i>Group</i>	Company	<i>Company</i>
	2	<i>30</i>	2	<i>30</i>
	January	<i>December</i>	January	<i>December</i>
	2022	<i>2020</i>	2022	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Raw materials and consumables	7,117	<i>9,473</i>	7,117	<i>9,473</i>
Work in progress (goods to be sold)	10,840	<i>12,692</i>	10,840	<i>12,692</i>
Finished goods and goods for resale	2,155	<i>3,042</i>	2,155	<i>3,042</i>
	20,112	<i>25,207</i>	20,112	<i>25,207</i>

WYMAN-GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022

15. Debtors

	Group 2 January 2022 £000	<i>Group</i> <i>30</i> <i>December</i> <i>2020</i> <i>£000</i>	Company 2 January 2022 £000	<i>Company</i> <i>30</i> <i>December</i> <i>2020</i> <i>£000</i>
Trade debtors	10,452	8,810	10,452	8,810
Amounts owed by group undertakings	85,176	73,325	85,176	73,325
Other debtors	-	163	-	163
Prepayments and accrued income	211	227	211	227
VAT	1,261	56	1,261	56
Corporation tax recoverable	1,001	2,650	1,001	2,650
Deferred taxation	303	1,055	303	1,055
	98,404	86,286	98,404	86,286

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

16. Creditors: Amounts falling due within one year

	Group 2 January 2022 £000	<i>Group</i> <i>30</i> <i>December</i> <i>2020</i> <i>£000</i>	Company 2 January 2022 £000	<i>Company</i> <i>30</i> <i>December</i> <i>2020</i> <i>£000</i>
Trade creditors	5,002	3,807	5,002	3,807
Amounts owed to group undertakings	16,374	15,419	19,389	18,434
Other taxation and social security	168	261	168	261
Accruals and deferred income	2,105	1,356	2,105	1,356
	23,649	20,843	26,664	23,858

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

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

17. Deferred taxation**Group**

	2021	<i>2020</i>
	£000	<i>£000</i>
At beginning of period	1,055	<i>1,504</i>
Movement during the period	(752)	<i>(449)</i>
At end of period	303	<i>1,055</i>

Company

	2021	<i>2020</i>
	£000	<i>£000</i>
At beginning of period	1,055	<i>1,504</i>
Movement during the period	(752)	<i>(449)</i>
At end of period	303	<i>1,055</i>

	Group	<i>Group</i>	Company	<i>Company</i>
	2	<i>30</i>	2	<i>30</i>
	January	<i>December</i>	January	<i>December</i>
	2022	<i>2020</i>	2022	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Accelerated capital allowances	(4,337)	<i>(3,549)</i>	(4,337)	<i>(3,549)</i>
Other timing differences	-	<i>13</i>	-	<i>13</i>
Pension	4,640	<i>4,591</i>	4,640	<i>4,591</i>
	303	<i>1,055</i>	303	<i>1,055</i>

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Provisions**Group and Company**

	Environmental £000	Health and safety £000	Total £000
At 31 December 2020	207	-	207
Charged to profit or loss	-	300	300
At 2 January 2022	207	300	507

Environmental provision

This provision comprises the anticipated cost in respect of environmental remediation work on two of the company's sites. The provision represents the company's best estimate of its probable future obligations for the investigation and remediation of the sites. The estimate is based on currently available facts, prior experience and present laws and regulations. Due to the nature of costs arising from environmental issues the timing of payments cannot be conclusively determined.

Health and safety provision

There was an incident at the Lincoln plant in November 2018 whereby a lifting sling failed resulting in an injury to an employee. In connection with this the company is dealing with legal proceedings issued in December 2019 which may ultimately result in a financial outflow if the company is deemed liable. A provision has been created taking into account uncertainties around the level of culpability of the claim.

Company

	Environmental £000	Health and safety £000	Total £000
At 31 December 2020	207	-	207
Charged to profit or loss	-	300	300
At 2 January 2022	207	300	507

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

19. Share capital

	2 January 2022 £000	30 December 2020 £000
Allotted, called up and fully paid		
12,904,000 (2020: 12,904,000) Ordinary shares of £1.00 each	12,904	12,904

20. Reserves**Revaluation reserve**

Represents the cumulative effect of revaluations of freehold land and buildings and plant and equipment which were revalued as part of the FRS 102 transition in 2015.

Profit and loss account

Represents all current and prior period retained profits and losses.

21. Pension commitments

The group operates a defined benefit pension scheme which is funded by the payment of contributions to a separately administered fund. The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The scheme closed to future accrual on 28 February 2021.

The last funding valuation of the plan was carried out by a qualified actuary as at 30 June 2020 and showed a deficit of £16.0m. The company is paying deficit contribution of £1.8m p.a. which, along with investment returns from return-seeking assets, are expected to make good this shortfall by the end of February 2027. The next funding valuations is due no later than 30 June 2023, at which point full-funding will be reviewed. The group will make additional payments to the plan contingent on the performance of Wyman Gordon Limited at 20% of the incremental operating profit over £10m capped at £1m for the financial year 2022.

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit scheme is as follow:

WYMAN-GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022

21. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2 January 2022 £000	30 December 2020 £000
Reconciliation of present value of plan liabilities		
At the beginning of the period	112,019	102,011
Current service cost	504	952
Interest expense	1,997	2,059
Benefits payments from plan assets	(3,686)	(3,943)
Participant contributions	46	245
Insurance premiums	-	(32)
Remeasurements - effect of changes in assumptions	(4,068)	10,727
At the end of the period	106,812	112,019

Reconciliation of present value of plan assets:

	2 January 2022 £000	30 December 2020 £000
At the beginning of the period	87,854	74,381
Interest income	1,648	1,525
Employer contributions	1,972	2,690
Insurance premiums	-	(32)
Participant contributions	46	245
Benefits paid	(3,686)	(3,943)
Administration expenses	(204)	(311)
Remeasurements - return on plan assets	624	13,299
At the end of the period	88,254	87,854

WYMAN-GORDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments (continued)

	2 January 2022 £000	30 December 2020 £000
Fair value of plan assets	88,254	87,854
Present value of plan liabilities	(106,812)	(112,019)
Net pension scheme liability	(18,558)	(24,165)

The amounts recognised in profit or loss are as follows:

	2 January 2022 £000	30 December 2020 £000
Current service cost	504	952
Net interest cost	349	534
Administrative expenses	204	311
Total	1,057	1,797
Remeasurement - Effect of changes in assumptions	(4,068)	10,727
Actuarial gains immediately recognised	(624)	(12,309)
Total actuarial losses/(gains)	(4,692)	(1,582)

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 JANUARY 2022**

21. Pension commitments (continued)

The Group expects to contribute £1.8m to its Defined benefit pension scheme in 2023.

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	1.90	1.45
Future salary increases	n/a	2.00
Future pension increases	3.05	2.80
Inflation RPI	3.55	2.85
Mortality rates		
Retiring today (male member age 65 today)	20.4	20.7
Retiring in 25 years (male member age 40 today)	21.7	23.1

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Benefit obligation at end of period	(106,812)	(112,019)	(102,011)	(91,180)	(94,905)
Fair value of plan assets at end of period	88,254	87,854	74,381	68,975	72,130
Deficit	(18,558)	(24,165)	(27,630)	(22,205)	(22,775)

WYMAN-GORDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. Commitments under operating leases

At 2 January 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2	30
	January	<i>December</i>
	2022	<i>2020</i>
	£000	<i>£000</i>
Not later than 1 year	12	<i>114</i>
Later than 1 year and not later than 5 years	14	<i>69</i>
	<hr/> 26 <hr/>	<hr/> <i>183</i> <hr/>

23. Post balance sheet events

There have been no post balance sheet events identified by management and those charged with governance.

24. Ultimate controlling party

The company is a subsidiary of Wyman-Gordon Forgings Inc. Its immediate parent undertaking and controlling party at the balance sheet date was Precision Castparts Corp. ("PCC") (registered office address 4650 South West Macadam Avenue, 97239 Portland, United States of America), a company incorporated in the United States of America. The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate parent undertaking Berkshire Hathaway Inc, a company incorporated in the United States of America (registered office address 1440 Kiewit Plaza, 68131 Omaha, United States of America) from which the group financial statements are publicly available.