Registered number: 02889486

Wyman-Gordon Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 JANUARY 2023

COMPANY INFORMATION

Directors	A Armagno R Beyer A Dimmer S Hagel J Puetz
Company secretary	J Freeman
Registered number	02889486
Registered office	C/O Special Metals Wiggins Ltd Wiggins Works Holmer Road Hereford HR4 9SL
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor 110 Queen Street Level 8 Glasgow G1 3BX
Bankers	Bank of America 6-8 George Street Edinburgh EH2 2SA

CONTENTS

Strategic Report
Wyman-Gordon Limited
For the period ended 1 January 2023

Principal activity

The group's principal activities 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.

Review of the business and key performance indicators

	1 January 2023	2 January 2022		
	£'000	£'000	Change	% change
Turnover	**74,351**	66,919	7,432	11%
Operating Profit	**11,202**	5,204	5,998	115%

Analysis on metrics

The results of the group show an operating profit before tax of £11,202,000 for the period ending 1 January 2023 on sales of £74,351,000 (2021: £5,204,000 on sales of £66,919,000). Operating profits improved in the period following increased sales and recovery from the COVID pandemic. Mid 2022, the Original Equipment Manufacturer's (OEMs) began to signal increased build rates and improving global air traffic. Initially we saw improvement on the single aisle platforms and as confidence returned to long haul travel this began to flow into the widebody market also.

Operating Working Capital as a percentage of sales ("OWC") has increased to 50% (2021: 41%). This was driven by an increase in both accounts receivable and inventory due to increased levels of production and sales at the end of 2022.

Future outlook

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. The capacity installed during the slowdown from COVID-19 allowed us to support increasing customer demand as can be seen by the turnover growth in 2022

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are speed of recovery in the aerospace sector, competition, volatility in elemental and energy markets and fluctuations in foreign exchange.

The cyclical nature of the commercial aerospace industry, which represents a significant portion of our business, creates uncertainty regarding our future profitability. In addition, adverse changes to, or interruptions in our relationships with our major commercial aerospace customers could reduce our turnover. Commercial air travel remains below pre-COVID-19 pandemic levels, especially for international routes. Further recovery likely will be uneven, attributable in part to travel restrictions imposed from time-to-time to control the spread of variants of COVID-19, as well as from the changes in supply chain conditions, including the availability of workers. Commercial aircraft delivery rates by original equipment manufacturers ("OEMs") of narrow-body aircraft have rebounded since the onset of the pandemic. However, deliveries of wide-body aircraft remain relatively low, in part attributable to the pause in the Boeing 787 program, which resumed deliveries in the third quarter of 2022. Long-term industry forecasts continue to show growth and strong demand for air travel and aerospace products.

Principal risks and uncertainties (continued)

The war in Ukraine has also impacted the business as it has led to significant raw material and energy cost increases. The company operates in a highly competitive market around price and product quality. This can have an impact in downward pressure on our margins but also in the risk that we do not meet our customers' expectations. In order to mitigate this risk our sales team monitor market prices on an ongoing basis. Furthermore, our quality team continually monitor the quality of product being produced and ensure we maintain a rigorous quality system.

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 as a whole, 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.

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. 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 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.

Strategic Report
Wyman-Gordon Limited
For the period ended 1 January 2023

Customers and suppliers (continued)

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 other items of excessive value from suppliers. Many of our key customers and suppliers have multi-year contracts to foster strong relationships. Local leadership meets regularly with key customers and suppliers to discuss the business relationship.

Government 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 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's leadership team hold quarterly sessions to update the employees on the operations, strategy of the business and to answer questions about the business.

Community and 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
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

This report was approved by the board on 23 October 2023 and signed on its behalf.

Anthony Dimmer

Anthony Dimmer
Director

Directors Report
Wyman-Gordon Limited
For the period ended 1 January 2023

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the period ended 1 January 2023.

Future developments

The business took proactive steps in 2023 to implement significant hedges for gas and electric and made significant investments in solar farms to mitigate some of the forecasted increases in energy costs. In addition, the group treasury function provides natural hedges against currency exposures and the company also uses foreign exchange derivatives.

Dividends

Dividends paid during the period are as follows:

	1 January 2023	2 January 2022
	£'000	£'000
Dividends	**Nil**	Nil

Directors

The directors who served during the period and subsequently are shown below:
A Armagno
R Beyer
A Dimmer
S Hagel
J Puetz

Directors' indemnities

As permitted by the Companies Act 2006, the Company has indemnified the directors in respect of proceedings brought by third parties and qualifying third party indemnity insurance was in place throughout the period and up to the date of approval of the financial statements.

Financial Risk Management Objectives

The financial risk management objectives and policies of the Company, including exposure to currency risk, credit risk, interest rate risk and liquidity risk are set out below. Refer to note 2.3 for exposure to cash flow risk.

Foreign exchange transactional currency exposure

The Company is exposed to currency exchange rate risk due to significant proportion of its trade receivables, and trade payables for purchase of inventories, being denominated in non-functional currencies. In order to mitigate this risk, the group treasury function provided natural hedges against currency exposures and the company also uses foreign exchange derivatives.

Customer credit exposure

The Company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and diligence performed around customer acceptance.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses cash pooling facility provided by fellow group companies.

Directors Report
Wyman-Gordon Limited
For the period ended 1 January 2023

Employees

Applications of employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. There is also an equal opportunities policy to ensure that all employees are treated equally in terms of employment, training, career development and promotion. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

Employee engagement

Details on employee engagement can be found within the Company's Section 172 statement in the strategic report on page 3 and form part of this report by cross reference.

Streamlined energy and carbon reporting (SECR)

This section has been prepared in compliance with the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Methodologies
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.

GHG Emissions

	Units	**01-Jan-23**	02-Jan-22
Emissions from combustion of gas (Scope 1)	tCO2e	**10,935**	10,912
Emissions from consumption of fuel for transport purposes (Scope 1)	tCO2e	**140**	0
Emissions from purchased electricity (Scope 2)	tCO2e	**2,080**	2,462
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing fuel (Scope 3)	tCO2e	**1**	3
Total gross emissions	**tCO2e**	**13,156**	13,377
Energy consumption used to calculate above emissions	KWh	**70,664,470**	71,182,394
Intensity Ratio	tCO2e	**0.0860**	0.0977

Intensity ratios have been calculated by dividing tonnes CO2e by the total standard hours produced. The 'earned standard hours' is the metric that is most closely tied to the volume of production.

Energy efficiency

The Company continues to focus on reducing energy consumption and carbon emissions. Energy Saving Opportunity Scheme audits have been completed and recommendations implemented. Examples of our main measures to achieve this were replacing inefficient assets with energy efficient equipment (such as LED lighting) and logistics efficiencies through driver training. Significant investments in solar farms at both the Livingston & Lincoln sites have been made in 2023 to reduce both cost and the Company's carbon footprint.

Directors Report
Wyman-Gordon Limited
For the period ended 1 January 2023

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group'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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Company 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 Company 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 these financial statements were approved. 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 company has 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.

Disclosure of information to the auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company'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's auditor is aware of that information.

Directors Report
Wyman-Gordon Limited
For the period ended 1 January 2023

Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 23 October 2023 and signed on its behalf.

Anthony Dimmer

Anthony 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 from 3 January 2022 to 1 January 2023, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 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 1 January 2023 and of the group's profit for the period 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. As disclosed in note 18 to the financial statements, included within the fair value of plan assets at the end of the period of £85.2m are certain pension assets with a carrying value of £1.2m for which the directors were unable to obtain a valuation from the relevant investment advisor as at the balance sheet 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 the pension assets based on a valuation provided by the investment advisor as of 31 January 2020, less a discount, and amounts to £1.2m, which has been included within the fair value of plan assets at the end of the period. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the pension assets at the balance sheet date amounting to £1.2m because we were unable to obtain direct confirmation from the investment advisor and unable to satisfy ourselves by alternative means as to the valuation of the pension assets. Consequently, we were unable to determine whether any adjustment to the carrying value of the pension assets was necessary. This was also the position at the end of the prior period, and we qualified our opinion accordingly.

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

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 group's and the parent 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 group or the parent company to cease to continue as a

going concern.
In our evaluation of the directors' conclusions, we considered the inherent risks with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the consequences of high levels of inflation, 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 the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's 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.

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

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the valuation of certain pension assets of £1.2m held at 1 January 2023. We have concluded that where the other information refers to the pensions balance or related balances, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

Arising solely from the limitation on the scope of our work relating to certain 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We determined that FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and the Health and Safety at Work etc. Act 1974 to be the most significant laws and regulations to the entity, in addition to the relevant tax compliance regulations in the UK. We obtained an understanding of the legal and regulatory frameworks applicable to the group and the parent company and the industry in which they operate by making enquiries of management. We also enquired of the compliance office and management as to whether there were any instances of non-compliance with laws and regulations or whether there was any knowledge of actual or suspected fraud.
- 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 and the parent company'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.
- Audit procedures performed by the engagement team included:
  - 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 period to assess for any indicators of non-compliance with relevant laws and regulations;
- Completing 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;
- The engagement partner's 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 and the parent company operate 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 and the parent company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of 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: 23/10/2023

Wyman-Gordon Limited
Consolidated statement of comprehensive income
For the period ended 1 January 2023

	Note	1 January 2023 £'000	2 January 2022 £'000
Turnover	4	**74,351**	66,919
Cost of sales		**(65,753)**	(60,618)
Gross profit		**8,598**	6,301
Administrative expenses		**(1,906)**	(3,234)
Other operating income		**4,510**	2,137
Operating profit	5	**11,202**	5,204
Other interest receivable and similar income	9	**559**	-
Interest payable and similar expenses	10	**(333)**	(525)
Profit before tax		**11,428**	4,679
Tax on profit	11	**(2,365)**	(406)
Profit for the financial year		**9,063**	4,273
Remeasurement of net defined benefit asset/liability		**32,902**	4,692
Deferred tax relating to actuarial gain on pension		**(8,226)**	(1,173)
Total comprehensive income for the financial year		**33,739**	7,792

All of the profit for the period and other comprehensive income are attributable to the owners of the parent company. All activities derive from continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

Wyman-Gordon Limited
Consolidated statement of financial position
For the period ended 1 January 2023

		Group		Company	
	Note	**1 January 2023 £'000**	2 January 2022 £'000	**1 January 2023 £'000**	2 January 2022 £'000
Fixed assets					
Tangible assets	12	**37,073**	37,666	**37,073**	37,666
		37,073	37,666	**37,073**	37,666
Current assets					
Stocks	14	**34,781**	20,112	**34,781**	20,112
Debtors: amounts falling due within one year	15	**96,759**	98,404	**96,759**	98,404
Pension asset	18	**15,614**	-	**15,614**	-
		147,154	118,516	**147,154**	118,516
Creditors: amounts falling due within one year	16	**(36,024)**	(23,648)	**(39,039)**	(26,664)
Net current assets		**111,130**	94,868	**108,115**	91,852
Total assets less current liabilities		**148,203**	132,534	**145,188**	129,518
Provisions for liabilities and charges	19	**(507)**	(507)	**(507)**	(507)
Pension liability	18	**-**	(18,558)	**-**	(18,558)
Net assets		**147,696**	113,469	**144,681**	110,453
Capital and reserves					
Called up share capital	20	**12,904**	12,904	**12,904**	12,904
Profit and loss account	21	**124,873**	90,646	**121,858**	87,630
Revaluation reserve	21	**9,919**	9,919	**9,919**	9,919
Total Equity		**147,696**	113,469	**144,681**	110,453

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 October 2023.

Anthony Dimmer

Anthony Dimmer

Director

The notes on pages 16 to 30 form part of these financial statements.

Registered number : 02889486

Wyman-Gordon Limited
Consolidated statement of changes in equity
For the period ended 1 January 2023

	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 27 December 2020	12,904	10,703	82,069	105,676
Profit for the year	-	-	4,273	4,273
Depreciation transfer	-	(784)	784	-
Remeasurement of the net defined benefit pension asset/liability	-	-	4,692	4,692
Tax on comprehensive income	-	-	(1,173)	(1,173)
Total comprehensive income for the year	-	(784)	8,576	7,792
Balance at 2 January 2022	**12,904**	**9,919**	**90,645**	**113,468**
Profit for the year	-	-	**9,063**	**9,063**
Depreciation transfer	-	**(937)**	**937**	-
Remeasurement of the net defined benefit pension asset/liability	-	-	**32,902**	**32,902**
Tax on comprehensive income	-	-	**(8,226)**	**(8,226)**
Other comprehensive income	-	-	**489**	**489**
Total comprehensive income for the year	-	**(937)**	**35,165**	**34,228**
Balance at 1 January 2023	**12,904**	**8,982**	**125,810**	**147,696**

The notes on pages 16 to 30 form part of these financial statements.

Wyman-Gordon Limited
Company statement of changes in equity
For the period ended 1 January 2023

	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 27 December 2020	12,904	10,703	79,054	102,661
Profit for the year	-	-	4,274	4,274
Depreciation transfer	-	(784)	784	-
Remeasurement of the net defined benefit pension asset/liability	-	-	4,692	4,692
Tax on comprehensive income	-	-	(1,173)	(1,173)
Total comprehensive income for the year	-	(784)	8,577	7,793
Balance at 2 January 2022	**12,904**	**9,919**	**87,631**	**110,454**
Profit for the year	-	-	**9,063**	**9,063**
Depreciation transfer	-	**(937)**	**937**	-
Remeasurement of the net defined benefit pension asset/liability	-	-	**32,902**	**32,902**
Tax on comprehensive income	-	-	**(8,226)**	**(8,226)**
Other comprehensive income	-	-	**489**	**489**
Total comprehensive income for the year	-	**(937)**	**35,165**	**34,228**
Balance at 1 January 2023	**12,904**	**8,982**	**122,796**	**144,682**

The notes on pages 16 to 30 form part of these financial statements.

Wyman-Gordon Limited
Notes to the consolidated financial statements
For the period ended 1 January 2023

1. General information

Wyman-Gordon Limited (the Company) is a private company limited by shares and incorporated in England and Wales under the companies Act of 2006 and registered in England and Wales. The address of the registered office is given on the Company Information page. The nature of the company's operations and its principal activity are set out in the Strategic report.

2. Accounting policies

2.1. Statement of compliance and basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Companies Act 2006.

The entity meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

The financial statements are made up to the nearest Sunday to the accounting reference date annually, resulting in a 52 week period. This in line with the requirements of the Companies Act as it falls within 7 days of the accounting reference date.

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 1 January 2023. No separate profit and loss account is presented for Wyman-Gordon Limited as permitted by section 408 of the Companies Act 2006. The following subsidiary amounts are included in the financial statements.

	1 January 2023	2 January 2022
	£'000	£'000
Creditors: amounts falling due within one year	**3,015**	3,015
Retained reserves	**3,015**	3,015

2.3. Going concern

The Company 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 Company 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 these financial statements were approved. 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 company has 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

The functional currency is considered to be sterling because that is the currency of the primary economic environment in which the Company operates. The presentational currency of these financial statements is sterling. Values are rounded to the nearest thousand.

Transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

2.5. Turnover

Turnover is stated net of VAT and trade discounts. Our product sales are generally recognised at the point in time when control of the product transfers to the customer, which coincides with customer pickup or product delivery or acceptance, depending on the terms of the arrangement.

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.

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.

2.7. Operating Leases

As lessee

Rentals under operating leases are charged 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.

2.8. Financial instruments

Basic

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and account receivables and payables, are initially measured at the transaction price (adjusted for transaction cost) 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 arrangement constitutes a financing transaction, such as a trade debtor or creditor on extended credit terms, initial measurement is at the present value of future cash flows discounted at a market rate of interest. Subsequent measurement is 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 such evidence is identified, 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 carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. If the financial instrument has a variable interest rate the currently effective rate under the contract is used.

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. Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. At present, the Group has not offset any items.

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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

Non-basic

Equity instruments

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

Derivative financial instruments

The entity uses derivative financial instruments to reduce exposure to foreign exchange risk. 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.

2.9. Other interest receivable and other income

Interest income is recognised in profit or loss using the effective interest method.

2.10. Pensions

Defined contribution pension plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and has no further payment obligations. The contributions are recognised as an expense in profit or loss in the period as employees provide service. Amounts due but unpaid 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.

Defined benefit pension plan

Under a defined benefit plan the Company's obligation is to provide the pension benefit to current and former employees on retirement and bear the actuarial risk and investment risk of the pension plan.

The net defined pension liability is calculated as the defined benefit obligation less the fair value of plan assets. The defined benefit obligation is calculated using the projected unit credit method, which involves estimating the amount of future benefit payments that employees have earned in return for their services, which is discounted to determine the present value. The discount rate used is the yield at the balance sheet date on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the obligations. The Company engages independent actuaries to calculate the obligation.

The cost of the defined benefit plan, recognised in profit or loss as employee costs for employee service rendered during the period, comprises:

i. the increase in net pension benefit liability arising from employee service during the period; and
ii. the cost of plan introductions, benefit changes, curtailments and settlements.

The Group determines the net interest expense for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments. This expense is recognised in profit or loss as a 'finance expense'.

Remeasurements of the net defined benefit liability are recognised in other comprehensive income in the period in which they occur. Remeasurements comprise actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and the return on net assets, less amounts included in net interest. Remeasurements are not reclassified into profit and loss.

2.11. Taxation

Current tax is recognised for the amount of income tax the Company expect to pay on taxable profit for the current or past reporting periods. This is determined based on the tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11. Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

• Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

• Where applicable deferred tax balances are reversed if and when all conditions for retaining associated tax allowances for the cost of a fixed asset have been met; and

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 that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

2.12. Tangible fixed assets

Tangible fixed assets are stated at historical cost, net of 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, using the straight-line method as follows:

Buildings and leasehold improvements	Over 25 years
Machinery & other equipment	4- 12 years

2.13. Impairment of assets

At each reporting date tangible and intangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method.

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. Creditors

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

2.17. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

3. Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgement had a 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 Company's defined benefit obligation

The Company'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.

Provision for impairment of inventory

The provision for impairment of inventory assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent sales experience, the ageing of inventory, damaged, obsolete, slow moving inventory and other factors that affect inventory obsolescence.

4. Turnover

The company has only one principal class of business, that of the sale of goods. An analysis of turnover by geographical market is set out below.

	Period ended 1 January 2023	Period ended 2 January 2022
	£'000	£'000
United Kingdom	**74,351**	66,919

5. Operating profit

	Period ended 1 January 2023	Period ended 2 January 2022
	£'000	£'000
Scrap sales	**4,510**	1,709
Depreciation on tangible assets	**4,299**	4,226
Utilities - electricity, gas, water	**7,202**	3,473
Foreign exchange (Gain)/Loss	**(1,512)**	1,322

6. Auditors remuneration

	Period ended 1 January 2023	Period ended 2 January 2022
	£'000	£'000
Fees payable for audit of annual statements	**95**	86
Fees payable for taxation compliance/advisory services	**24**	70
Accounts preparation fee	**-**	7
	119	163

7. Employees

Staff costs, including directors' remuneration were as follows:

	Period ended 1 January 2023	Period ended 2 January 2022
	£'000	£'000
Salaries and wages	**7,699**	6,972
Social security	**721**	626
Pension costs	**493**	909
	8,913	8,507

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

	Period ended 1 January 2023	Period ended 2 January 2022
Manufacturing	167	145
Administration	18	19
	185	164

Wyman-Gordon Limited
Notes to the consolidated financial statements
For the period ended 1 January 2023

8. Directors' remuneration

	Period ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Aggregate remuneration	**433**	257
Amounts receivable under long-term incentive schemes	**111**	36
Amounts paid into defined contribution pension scheme	**21**	20
Highest paid directors remuneration		
Aggregate remuneration	**433**	257
Amounts receivable under long-term incentive schemes	**111**	36
Amounts paid into defined contribution pension scheme	**21**	20
	No.	No.
Number of directors accruing benefits defined contribution schemes	**1**	1

9. Other interest receivable and similar income

	Period ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Interest receivable on amounts owed by group undertakings	**559**	-

10. Interest payable and similar expenses

	Period ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Net interest on pension liability	**333**	349
Interest payable on amounts owed to group undertakings	**-**	176
Total	**333**	525

11. Taxation

	Period ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Current tax on profits		
UK Corporation tax	**1,635**	826
Adjustments for prior year	**49**	-
Total Tax	**1,684**	826
Deferred Tax		
Origination and reversal of timing differences	**930**	317
Adjustments for prior years	**(249)**	(306)
Changes to tax rates	**-**	(431)
Total deferred tax	**681**	(420)
Total tax on profits/(losses)	**2,365**	406

A deferred tax charge of £8,226k (2021: £1,173k) has been recognised in other comprehensive income (OCI) relating to revaluations and actuarial movements in defined benefit pension balances presented in OCI.

The tax assessed for the period is higher than the standard rate of corporation tax in the United Kingdom at 19% (2021: 19%) the differences are explained below:

	Period ended 1 January 2023 £'000	Period ended 2 January 2022 £'000
Profit on ordinary activities before tax	**11,428**	4,679
Profit multiplied by the standard rate of tax in the UK	**2,171**	889
Effects of:		
Adjustments for prior years	**(200)**	(306)
Changes to tax rates	**223**	(427)
Fixed asset differences	**111**	175
Other	**60**	75
Total tax charge for the period	**2,365**	406

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% has been substantively enacted at the balance sheet date, its effects are included in the deferred tax provision as appropriate.

11. Taxation (continued)

The deferred tax asset and provision consists of the following deferred tax assets and liabilities:

	1 January 2023	2 January 2022
	£'000	£'000
Accelerated capital allowances	4,775	4,337
Defined benefit pensions	3,829	(4,640)
	8,604	(303)

12. Tangible fixed assets

	Construction in progress £'000	Land & Building/ Leasehold £'000	Machinery/Fixtures & Fittings £'000	Total £'000
Cost				
At 2 January 2022	1,071	13,390	74,975	89,436
Additions	3,733	-	-	3,733
Disposals	-	-	(364)	(364)
Transfers	(2,920)	44	2,876	-
At 1 January 2023	1,884	13,434	77,487	92,805
Amortisation				
At 2 January 2022	-	3,579	48,191	51,770
Charge for year	-	575	3,732	4,307
Disposals	-	-	(345)	(345)
At 1 January 2023	-	4,154	51,578	55,732
Net Book Value				
At 1 January 2023	1,884	9,280	25,909	37,073
At 2 January 2022	1,071	9,811	26,784	37,666

13. Investments

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 Wiggins Ltd, Holmer Road. Hereford. HR4 9SL

14. Stocks

	1 January 2023	2 January 2022
	£'000	£'000
Raw material and consumables	**10,725**	7,117
Work in Progress	**21,595**	10,840
Finished goods	**2,461**	2,155
	34,781	20,112

15. Debtors

	1 January 2023	2 January 2022
	£'000	£'000
Trade debtors	**14,414**	10,452
Prepayments and accrued income	**749**	211
Corporation tax	**-**	1,001
Deferred tax	**-**	303
Amounts owed by group undertakings	**81,092**	85,176
Other debtors	**504**	1,261
Total	**96,759**	98,404

Amounts due from the parent company are repayable upon demand and are unsecured. All other debtors fall due for payment within one year

16. Creditors

	1 January 2023	2 January 2022
	£'000	£'000
Trade creditors	**5,706**	5,002
Amounts owed by group undertaking	**20,963**	16,373
Other taxation and social security	**1,742**	168
Deferred tax	**8,598**	-
Financial instruments	**5**	-
Accruals and deferred income	**2,025**	2,105
	39,039	23,648

Amounts due to the parent company are repayable upon demand and are unsecured. All other creditors fall due for payment within one year.

The group uses foreign exchange contracts to manage its exposure to fluctuations in exchange rates and has a contract with nominal value of US$2,600,000 (2021: Nil) outstanding at the balance sheet date. The fair values of foreign exchange contracts are valued using quoted forward exchange rates at the balance sheet date.

17. Leases

The Company's future minimum lease payments under non-cancellable operating leases are as follows:

	1 January 2023	2 January 2022
	£'000	£'000
Not later than one year	**5**	12
Later than one year and not later than five years	**14**	14
	19	26

18. Pension Commitments

The Company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the period amount to £(340,000) (2021: £780,000).

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 valuation is due no later than 30 June 2023, at which point full-funding will be reviewed.

Included within total gross pension assets of £85.2m are certain pension scheme assets of £1.2m in relation to Prophecy. The Plan's investment in Prophecy and its related interest has been placed in a liquidating trust. While the trustee has provided the Plan with an estimate of expected future proceeds which may be available to the Plan, taking into account the trustee's best estimate of future trust expenses and possible future developments, the investment advisors were unable to provide a reliable valuation statement, as at the year end, to the directors. This was as a result of the ongoing litigation relating to this investment. The company is not party to this litigation. The undiscounted value of expected future proceeds expected to be received over the next 2-3 year period represents an ~50% premium to the £1.2m recognised in the Company's accounts. Given the significant uncertainty associated with the ultimate value to be paid out, the directors believe their current discounted valuation is appropriate.

Reconciliation of present value of plan liabilities:

	1 January 2023 £'000	2 January 2022 £'000
Opening defined benefits obligation	**106,812**	112,019
Service costs	**-**	504
Interest costs	**1,996**	1,997
Particiant contributions	**-**	46
Remeasurements - effect of changes in assumptions	**(35,653)**	(4,068)
Net benefits paid out	**(3,525)**	(3,686)
Defined benefit obligation at the end of the period	**69,630**	106,812

Reconciliation of the fair vaue of plan assets:

	1 January 2023 £'000	2 January 2022 £'000
Fair value of plan assets at start of period	**88,254**	87,854
Interest income	**1,663**	1,648
Contributions	**2,050**	2,018
Administrative expenses	**(447)**	(204)
Remeasurement - return of plan assets	**(2,751)**	624
Net benefits paid out	**(3,525)**	(3,686)
Fair value of plan assets at the end of the period	**85,244**	88,254
Fair value of plan assets	**85,244**	88,254
Defined benefit obligation	**(69,630)**	(106,812)
Net defined benefit pension scheme asset (liability)	**15,614**	(18,558)

18. Pension Commitments (continued)

The amounts recognised in profit or loss are as follows:

	1 January 2023 £'000	2 January 2022 £'000
Current service cost	**0**	504
Net Interest expense	**333**	349
Administrative expenses	**447**	204
Total	**780**	1,057
Remeasurement - effects of changes in assumptions	**(35,653)**	(4,068)
Actuarial gains immediately recognized	**2,751**	(624)
Total actuarial (gains)/losses	**(32,902)**	(4,692)

Composition of plan assets:

	1 January 2023 £'000	2 January 2022 £'000
Equities	**11,458**	27,799
Fixed Interest - UK bonds	**30,978**	16,589
Alternatives	**22,491**	17,494
Other	**20,317**	26,372
Total	**85,244**	88,254

Pension actuarial assumptions at the Statement of financial position date:

	1 January 2023	2 January 2022
	%	%
Discount Rate	**4.80**	1.90
Future salary increases	**n/a**	n/a
Future pension increases	**2.95**	3.05
Inflation assumptions	**3.30**	3.51
Mortality rates		
Longevity at 65 for current pensioners (male member age 65 today)	**20.4**	20.4
Longevity at 65 for future pensioners (male member age 40 today)	**21.7**	21.7

19. Provisions

	Environmental	**Other**	**Total**
	£'000	**£'000**	**£'000**
At start of the year	**207**	**300**	**507**
Charged to profit or loss	**-**	**-**	**-**
Utilised	**-**	**-**	**-**
At end of the year	**207**	**300**	**507**

19. Provisions (continued)

Environmental

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.

Other

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 is deemed liable. A provision has been created taking into account uncertainties around the level of culpability of the claim.

20. Share capital

12,904,000 ordinary shares allotted and fully paid of £1.00 each were outstanding at the end of current and prior periods.

21. Reserves

Profit and loss account

The profit and loss account represents cumulative retained profits or losses from prior and current periods.

Revaluation reserve

Revaluation reserve represents the cumulative effect of revaluations of freehold land & buildings and plant & equipment which were revalued as part of the transition to FRS102 in 2015.

22. Post Balance Sheet events

The environmental provision was released in March 2023 following completion of a survey that provided assurance that there is no evidence of contamination past or present.

The Lincoln injury claim plus legal costs was settled for the full amount of the provision in April 2023.

23. Controlling Party

The company is a subsidiary of PCC Luxembourg Holdings S.a.r.l., incorporated in Luxembourg. The largest 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 Delaware in the United States of America (registered office address 3555 Farnam Street, 68131 Omaha, United States of America) from which the group financial statements are publicly available. The smallest group in which the results of the company are consolidated is that headed by Precision Castpart Corp. These financial statements are not publicly available.