

Company registration number 04364671 (England and Wales)

**ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Dr G Morgan M Hands N Lane
<b>Secretary</b>	Dr G Morgan
<b>Company number</b>	04364671
<b>Registered office</b>	Unit B Poplars Business Park Poplar Way Rotherham South Yorkshire S60 5TR
<b>Auditor</b>	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU

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# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

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# **ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 JUNE 2023**

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The directors present the strategic report for the year ended 30 June 2023.

### **Review of the business**

The Financial Year 2023 saw a very busy year of growth and all the facets that contribute towards it did on occasion come under strain. Capacity was increased during the year and hence more factory and storage space was arranged to allow it. The growth in all aspects of the business was supported by participating in the Sharing in Growth program which has facilitated improvement in all processes within the business. The team at AML rose to the new ways of work with an admirable effort which was in addition to the increased volumes going through the business.

The general macro – economic climate for our potential and existing sales channels continued to improve during the year. The Aerospace sector took off again as the world returned to flying once again and demand for more fuel - efficient engines meant increased demand for the parts which we supply into that sector. In the Power Generation sector there were numerous reasons for increased demand and the company benefitted from it. Recruitment for the expansion and sourcing the skill levels that we require has been a challenge, but a strategy was developed, and which is now working for us.

The order book remained strong during the year, and it continues to extend into future periods, and we are aware that we have to attend to the more short - term market at the same time.

### **Political and Economic Events**

In the main we have not directly suffered from the consequence of the war in Ukraine in terms of input materials, but we know they will have contributed to pressures on our supply chains. The effect of inflation has been more difficult to manage as this clearly affected many input costs and had to be kept under permanent review. With recruitment being more challenging due to a tight labour market, it was necessary not to fall behind local market rates and to prevent shrinkage of our own workforce. The price of energy as it increased over the year was kept under constant review and a strategy of some hedging and purchasing at market price was adopted. The extra costs could not be totally absorbed by AML due to their impact therefore we had to pass a portion of these onto to our client base. These economic factors weighed into political factors as the year progressed leading to intervention financial support from the Government.

### **Principal risks and uncertainties**

#### **Global and national economic conditions**

The above conditions cannot be described as stable and would suggest that economic growth will at best be very low during the coming 12 months. The war in Ukraine, energy costs still much higher than the historic norm, extreme weather events, stubbornly high inflation and rising central bank interest rates are all contributing to the background environment we are working in. As a business a good portion of our interest costs are fixed but any new finance is considerably more expensive. The energy prices while less volatile still require continual monitoring and assessment but we are less likely to cover pricing in the longer term by remaining active in the short - term market.

The macro conditions for our sectors continue to be strong in outlook however and at the same time we are expending effort into new sectors that we believe have good growth potential over the next decade. As the polls predict a change of government colour in 2024, some uncertainty exists as to whether any change of emphasis or policy might affect these plans.

Global and market risks are reviewed frequently by the Directors to ensure the business can withstand any uncertainties in the prevailing market and economic conditions. Working capital and cash flow is closely monitored and forecasted to ensure that we have adequate cash resources for sustainable trading. The continual strengthening of balance sheet and order book provide a solid foundation in which we continue to focus on balancing margin improvement, customer needs and operational agility.

### **Key performance indicators**

The company sets key Financial Performance Indicators at the start of each year as part of its annual forecast and planning process. Some of these are carried forward from previous years as still relevant and others are modified each year depending on the issues facing the business. These measures are reviewed either weekly or monthly to ensure conformity otherwise corrective action is taken. The figures are also reviewed at Board level.

# **ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2023***

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On behalf of the board

N Lane  
**Director**

18 October 2023

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2023**

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The directors present their annual report and financial statements for the year ended 30 June 2023.

### Principal activities

The principal activity of the company continued to be the manufacture of a range of components from mainly hard metals for different industries. The main sectors serviced are Aerospace and Energy. The company manufactures parts that might be utilised in new product development, prototypes through to delivering parts to the build line at our customers.

### Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a further dividend.

### Directors

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

Dr G Morgan  
M Hands  
N Lane

### Future developments

#### Outlook

Whilst good growth is expected in the coming year, it is expected to be achieved with the assistance of new processes being adopted. The Board is focusing on consolidating the foundations of the business that have been laid and to focus on improving many factors within the business to improve efficiency. This was not feasible to achieve last year when the focus was handling the growth, and we believe that this is sound management practice before another expansion plan.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2023***

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

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

#### **Medium-sized companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

N Lane

**Director**

18 October 2023

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

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#### Opinion

We have audited the financial statements of Advanced Manufacturing (Sheffield) Limited (the 'company') for the year ended 30 June 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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



# **ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud and the audit response**

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

At the planning stage we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, as required by auditing standards. The potential effect of any laws and regulation on the financial statements can vary considerably. There are laws and regulations that directly affect the financial statements (e.g. the Companies Act) as well as many other operational laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Owing to the size, nature and complexity of the organisation and the applicable laws and regulations to which it must adhere, the risk of material misstatement was deemed to be low therefore the procedures performed by the audit team were limited to:

- Communicating identified laws and regulations at planning throughout the audit team to remain alert to any indications of non-compliance throughout the audit.
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

# **ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF ADVANCED MANUFACTURING (SHEFFIELD) LIMITED**

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We have assessed the overall susceptibility of the financial statements to material misstatement due to fraud. Management override is the most likely way in which fraud might present itself and as such is inherently high risk on any audit. Management override, which may cause there to be a material misstatement within the financial statements, may present itself in a number of ways, for example:

- Override of internal controls (e.g. segregation of duties)
- Entering into transactions outside the normal course of business, especially with related parties
- Fraudulent revenue recognition, including fictitious sales and sales being recorded in the wrong period.
- Presenting bias in accounting judgements and estimates, particularly ones that are key to the business.

In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiry of management, those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected material misstatements in the financial statements, even though we have performed our audit in accordance with auditing standards. Furthermore, as with all audits, there is a higher risk of irregularities (especially those relating to fraud) being undetected, as these may involve the override of internal controls, collusion, intentional omissions and misrepresentations etc. We are not responsible for preventing non-compliance or fraud and therefore cannot be expected to detect all instances of such. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

**Martin McDonagh**  
**Senior Statutory Auditor**  
**For and on behalf of Hart Shaw LLP**

19 October 2023

**Chartered Accountants**  
**Statutory Auditor**

Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
<b>Turnover</b>	<b>3</b>	8,980,584	5,911,384
Cost of sales		(6,849,520)	(4,535,504)
<b>Gross profit</b>		2,131,064	1,375,880
Administrative expenses		(1,675,468)	(1,087,914)
Other operating income		575,204	786,455
<b>Operating profit</b>	<b>4</b>	1,030,800	1,074,421
Interest receivable and similar income	<b>7</b>	114,040	62,622
Interest payable and similar expenses	<b>8</b>	(208,395)	(147,022)
<b>Profit before taxation</b>		936,445	990,021
Tax on profit	<b>9</b>	226,716	(235,457)
<b>Profit for the financial year</b>		1,163,161	754,564

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		122,910		121,814
Tangible assets	12		4,747,824		3,738,160
			<u>4,870,734</u>		<u>3,859,974</u>
<b>Current assets</b>					
Stocks	13	297,616		79,055	
Debtors	14	4,268,222		3,425,600	
Cash at bank and in hand		369,791		1,656,727	
		<u>4,935,629</u>		<u>5,161,382</u>	
<b>Creditors: amounts falling due within one year</b>	15	(3,516,122)		(3,575,412)	
<b>Net current assets</b>			<u>1,419,507</u>		<u>1,585,970</u>
<b>Total assets less current liabilities</b>			<u>6,290,241</u>		<u>5,445,944</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(3,003,663)		(3,498,270)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	611,200		235,457	
		<u>(611,200)</u>		<u>(235,457)</u>	
<b>Net assets</b>			<u>2,675,378</u>		<u>1,712,217</u>
<b>Capital and reserves</b>					
Called up share capital	22		100		100
Revaluation reserve			109,773		134,027
Profit and loss reserves			2,565,505		1,578,090
<b>Total equity</b>			<u>2,675,378</u>		<u>1,712,217</u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 18 October 2023 and are signed on its behalf by:

N Lane  
Director

Company registration number 04364671 (England and Wales)

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
Notes	£	£	£	£
<b>Balance at 1 July 2021</b>	100	158,124	799,429	957,653
<b>Year ended 30 June 2022:</b>				
Profit and total comprehensive income	-	-	754,564	754,564
Transfers	-	(24,097)	24,097	-
<b>Balance at 30 June 2022</b>	100	134,027	1,578,090	1,712,217
<b>Year ended 30 June 2023:</b>				
Profit and total comprehensive income	-	-	1,163,161	1,163,161
Dividends	10	-	(200,000)	(200,000)
Transfers	-	(24,254)	24,254	-
<b>Balance at 30 June 2023</b>	100	109,773	2,565,505	2,675,378

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

#### Company information

Advanced Manufacturing (Sheffield) Limited is a private company, limited by shares and incorporated in England and Wales. The registered office is Unit B, Poplars Business Park, Poplar Way, Rotherham, South Yorkshire, S60 5TR.

#### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;

The financial statements of the company are consolidated in the financial statements of Advanced Manufacturing Holdings Limited. These consolidated financial statements are available from its registered office Unit B, Poplars Business Park, Poplar Way, Rotherham, S60 5TR.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from long term contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets other than goodwill

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

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

Software	10-33% Straight Line
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#### 1.5 Tangible fixed assets

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

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

CNC Machines	5, 10 & 15 years straight line
Leasehold improvements	Over the remainder of the term of the lease
Plant and equipment	10 - 33% straight line
Motor vehicles	4 - 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

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

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

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



# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

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

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **1.15 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### **1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Key sources of estimation uncertainty

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

#### Long term contracts

Revenue from long term contracts is recognised by reference to the stage of completion which is estimated based on costs incurred to date and the estimated cost to complete. Given the level of estimation involved in the costs to complete, actual outcomes could vary significantly from these estimates. Furthermore, had the directors chosen a different judgement for assessing the stage of completion then these outcomes could vary significantly.

The company had a number of long term contracts which were in progress at the year end. At the 30 June 2023 the company has in its balance sheet amounts recoverable on long term contracts of £1,954,897 (2022 - £703,355), Deferred income of £1,415,289 (2022 - £1,753,050).

### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	8,980,584	5,911,384
	<u>          </u>	<u>          </u>
	2023	2022
	£	£
<b>Other revenue</b>		
Interest income	114,040	62,622
Grants received	575,204	786,455
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	11,139	(15,090)
Government grants	(575,204)	(786,455)
Fees payable to the company's auditor for the audit of the company's financial statements	19,500	-
Depreciation of owned tangible fixed assets	942,383	626,687
Amortisation of intangible assets	41,077	43,265
	<u>          </u>	<u>          </u>

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2023 Number	2022 Number
82	60

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,661,226	1,918,573
Social security costs	249,987	186,023
Pension costs	116,065	87,719
	3,027,278	2,192,315

### 6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	200,720	218,322
Company pension contributions to defined contribution schemes	10,046	9,125
	210,766	227,447

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

	2023 £	2022 £
Remuneration for qualifying services	100,500	109,161

### 7 Interest receivable and similar income

	2023 £	2022 £
<b>Interest income</b>		
Interest receivable from group companies	112,143	55,673
Other interest received	1,897	6,949
Total income	114,040	62,622

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	1,854	8,820
Interest on finance leases	2,092	8,210
Other loan interest payable	204,449	129,992
	<u>208,395</u>	<u>147,022</u>

### 9 Taxation

	2023	2022
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	(266,903)	-
Adjustments in respect of prior periods	(335,556)	-
Total current tax	<u>(602,459)</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	375,743	235,457
Total tax (credit)/charge	<u>(226,716)</u>	<u>235,457</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	<u>936,445</u>	<u>990,021</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	177,925	188,104
Tax effect of expenses that are not deductible in determining taxable profit	1,956	1,967
Tax effect of income not taxable in determining taxable profit	(41,905)	(48,824)
Unutilised tax losses carried forward	224,770	-
Permanent capital allowances in excess of depreciation	63,419	(46,809)
Research and development tax credit	(266,903)	-
Under/(over) provided in prior years	(335,556)	-
Deferred tax adjustments in respect of prior years	-	(90,204)
Short term timing differences	4,345	4,157
Unused R&D tax credit	(54,767)	-
Movement in deferred tax not recognised	-	195,930
Remeasurement of deferred tax for changes in tax rates	-	31,136
Taxation (credit)/charge for the year	<u>(226,716)</u>	<u>235,457</u>

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 10 Dividends

	2023 £	2022 £
Final paid	200,000	-

### 11 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 July 2022	328,128
Additions	42,173
At 30 June 2023	370,301
<b>Amortisation and impairment</b>	
At 1 July 2022	206,314
Amortisation charged for the year	41,077
At 30 June 2023	247,391
<b>Carrying amount</b>	
At 30 June 2023	122,910
At 30 June 2022	121,814

### 12 Tangible fixed assets

	CNC Machines £	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 July 2022	5,270,964	402,528	1,775,515	14,900	7,463,907
Additions	1,447,574	74,103	399,370	31,000	1,952,047
Disposals	-	-	(54,493)	-	(54,493)
At 30 June 2023	6,718,538	476,631	2,120,392	45,900	9,361,461
<b>Depreciation and impairment</b>					
At 1 July 2022	2,261,943	258,822	1,190,082	14,900	3,725,747
Depreciation charged in the year	630,527	49,638	259,635	2,583	942,383
Eliminated in respect of disposals	-	-	(54,493)	-	(54,493)
At 30 June 2023	2,892,470	308,460	1,395,224	17,483	4,613,637
<b>Carrying amount</b>					
At 30 June 2023	3,826,068	168,171	725,168	28,417	4,747,824
At 30 June 2022	3,009,021	143,706	585,433	-	3,738,160

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Plant and equipment	87,739	35,539
Motor vehicles	28,417	-
CNC Machines	2,329,977	948,531
	<u>2,446,133</u>	<u>984,070</u>

The combined total of CNC Machines held at a cost of £1,669,700 and CNC Machines held at a valuation of £942,500 (including a revaluation uplift of £432,500) at 31 December 2012 became those held at a deemed cost of £2,612,200 on transition to FRS 102. Since then further additions of £4,106,338 have been made giving a total cost of £6,718,538.

If, the CNC machines had been included under the historical cost convention they would be presented as follows:

	2023 £	2022 £
Cost	6,286,038	4,838,464
Accumulated depreciation	(2,845,692)	(1,954,475)
Carrying value	<u>3,440,346</u>	<u>2,883,989</u>

### 13 Stocks

	2023 £	2022 £
Finished goods and goods for resale	<u>297,616</u>	<u>79,055</u>

### 14 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,125,918	558,577
Gross amounts owed by contract customers	1,954,897	703,355
Corporation tax recoverable	266,903	-
Amounts owed by group undertakings	447,900	1,756,995
Other debtors	146,349	264,232
Prepayments and accrued income	326,255	142,441
	<u>4,268,222</u>	<u>3,425,600</u>

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 14 Debtors

(Continued)

In the prior year, Advanced Manufacturing (Sheffield) Limited made a loan of £1,405,000 to the parent company, Advanced Manufacturing Holdings Limited. This loan was deemed to be a basic financial instrument under FRS 102 and therefore was valued at the present value of future payments discounted at a market rate of interest for a similar debt instrument (4.5%). The discount was treated as a distribution to the parent entity and was recognised as such. This has been repaid during the year and the interest has been released in full during the year.

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

	Notes	2023 £	2022 £
Bank loans	17	197,847	189,356
Obligations under finance leases	18	497,874	554,638
Trade creditors		1,068,551	732,807
Taxation and social security		74,396	62,509
Deferred income	20	1,415,289	1,753,050
Other creditors		49,352	100,764
Accruals and deferred income		212,813	182,288
		<u>3,516,122</u>	<u>3,575,412</u>

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

	Notes	2023 £	2022 £
Obligations under finance leases	18	839,745	652,922
Other borrowings	17	535,149	2,210,644
Grants received		1,628,769	634,704
		<u>3,003,663</u>	<u>3,498,270</u>

#### Secured Loans

Assets held under hire purchase agreement are secured against the assets to which they relate.

Secured loans are secured by the way of a fixed and floating charge over various assets of the company.

### 17 Loans and overdrafts

	2023 £	2022 £
Bank loans	197,847	189,356
Other loans	535,149	2,210,644
	<u>732,996</u>	<u>2,400,000</u>
Payable within one year	197,847	189,356
Payable after one year	535,149	2,210,644
	<u></u>	<u></u>



# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 18 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	497,874	554,638
In two to five years	839,745	652,922
	<u>1,337,619</u>	<u>1,207,560</u>

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
<b>Balances:</b>		
Fixed asset timing differences	1,016,800	729,574
Tax Losses	(353,900)	(544,530)
Revaluations	13,600	-
Short term timing differences	(10,500)	(10,482)
Capital gains/ (losses)	-	60,895
Unused R&D credit	(54,800)	-
	<u>611,200</u>	<u>235,457</u>
<b>Movements in the year:</b>		2023 £
Liability at 1 July 2022		235,457
Charge to profit or loss		375,743
Liability at 30 June 2023		<u>611,200</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 20 Deferred income

	2023 £	2022 £
Other deferred income	<u>1,415,289</u>	<u>1,753,050</u>

# ADVANCED MANUFACTURING (SHEFFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 21 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	116,065	87,719

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 22 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	10,000	10,000	100	100

### 23 Operating lease commitments

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

	2023	2022
	£	£
Within one year	484,882	296,700
Between two and five years	979,642	755,475
In over five years	15,986	168,750
	1,480,510	1,220,925

### 24 Related party transactions

As a subsidiary undertaking of Advanced Manufacturing Holdings Limited, the company has taken advantage of the exemption in FRS 102 "Related party disclosures" not to disclose transactions with group companies.

See note 6 for disclosure of the directors' remuneration.

### 25 Ultimate controlling party

The ultimate parent undertaking is Advanced Manufacturing Holdings Limited, whose registered office is Unit B Poplars Business Park, Poplar Way, Catcliffe, Rotherham, S60 5TR.

The shares in the parent company are held in such proportion that there is no single controlling party of the Company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.