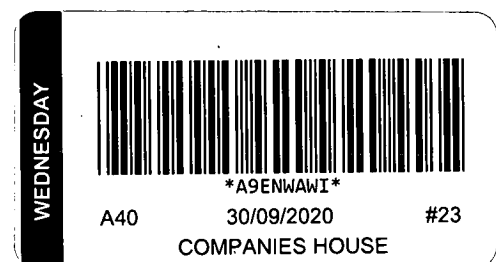


Registered number: 07543335

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R W Colburn A Roberts S Hussey
Company secretary	M Hale
Registered number	07543335
Registered office	Parkway House Unit 6, Parkway Industrial Estate Pacific Avenue Wednesbury West Midlands WS10 7WP
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Group strategic report	4 - 5
Independent auditor's report	6 - 8
Consolidated statement of income and retained earnings	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated Statement of cash flows	12
Analysis of net debt	13
Notes to the financial statements	14 - 29

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £6,294,493 (2018 - £5,063,891).

The directors have not recommended a dividend (2018: £NIL).

Directors

The directors who served during the year were:

R W Colburn
A Roberts
S Hussey

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial risk management objectives and policies

The Group uses a variety of financial instruments including cash, borrowings, equity investments and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group's operations:

The directors are of the view that the main risks arising from the Group's financial instruments are liquidity risk, market risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

Market risk

The Group is exposed to transactional foreign exchange risk. Transactional exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Fluctuations in metal prices are reviewed on a regular basis and taken into consideration when placing purchase orders and setting the selling price of the Group's stock range.

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis

Employee consultation and disabled employees

Recruitment policies are designed to ensure equal opportunity of employment. Appropriate consideration is given to disabled applicants in offering employment.

Good communications and relations with employees are attempted, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept informed of group developments in certain financial, commercial, strategic and personnel matters as needed, and are thereby enabled to inform and discuss with employees as appropriate at the individual operating units.

Disclosure of information to auditor

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

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

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events


As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the consolidated financial position, results of operations, and cash flows of the Company and Group. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On 28th February 2020 the Group acquired the entire share capital of Express Metal Services Limited. The acquisition will represent an increase in the size of the business of less than 6%. At the date of issue of these accounts the company remains profitable and will add to the Group's financial position, whilst profitable this is not expected to be material to the Group in the early years.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



A Roberts
Director

Date: 18th August 2020

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review and future developments

The profit for the year, after taxation, amounted to £6,294,493 (2018: £5,063,891). The directors have not recommended a dividend (2018: £Nil).

Various key performance indicators are used by the directors to monitor and compare the performance of the Group. They regard the following as the key financial and non-financial indicators of performance, all of which can be observed in the attached financial statements. The Group uses other performance indicators in the day to day operations but the directors consider these commercially sensitive and have therefore not disclosed these indicators.

Turnover £93.2 million (2018: £80.9 million)

Profit before tax £7.8 million (2018: £6.3 million)

Net assets £32.8 million (2018: £26.5 million)

Average number of employees increased from 281 to 298

The directors of the Group are not satisfied with the results for the year. Turnover and gross profit have increased compared to 2018, in a broadly flat market, whilst operating expenses have been subject to inflationary pressures, with some investment for future growth. To provide a platform for sustainable growth and to negate the impact of the specific risks and uncertainties highlighted below, the Group will continue to implement operational efficiency improvements, thereby enhancing productivity and reducing operating expenses.

Principal risks and uncertainties

The principal risks and uncertainties of the Group are fluctuations in raw material prices, movements in exchange rates, continuing political instability including the effect of Brexit on the economy, changes in government legislation, costs of complying with excessive and burdensome government regulation and the credit risk arising from trade debtors.

Whilst the Group takes action to mitigate the principal risks, where possible, there are specific risks and uncertainties outside of its control that could impact on the future financial performance of the Group. Specific examples of such risks relate to government imposed levies, which could result in a significant increase in the operating costs of the Group and a subsequent reduction in profitability and capital available for future reinvestment with no net benefit to the Group or the nation.

The ultimate shareholder has requested that the directors include the following statement in the Strategic report - the ultimate Parent Company is privately held, as is the Group, and they believe the requirement to publish private accounts is a violation of both the spirit and Law under European Union right to privacy legislation.

Going concern

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the consolidated financial position, results of operations, and cash flows of the Group. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. Notwithstanding this, the directors of the parent undertaking, Cobham Aluminium & Stainless Holdings Limited, having carefully considered all pertinent matters including the cash reserves of the Group are satisfied that the Company and Group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The directors of this Company accordingly continue to prepare the financial statements on the going concern basis.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Section 172(1) statement

The directors act in good faith in making decisions from which the expected outcomes are considered to be most likely to promote the success of the Group for the benefit of its members in the long term. In performing their duties, the directors make a good faith assessment of the potential consequence on various stakeholders.

Employees and the environment

The directors are committed to promoting a safe working environment for its staff, protecting the wellbeing of all employees. The directors keep staff informed of key commercial, operational and personnel matters through structured internal communication channels. Training and development opportunities are provided where they are considered of benefit to the Group and its employees.

The Group has measures in place to monitor its impact on the local community and the environment and the directors maintain a policy of compliance towards all relevant regulatory environmental standards.

Customers

The directors commit considerable resources to servicing the needs of our customers to the highest possible standard with a view to building long term relationships.

Suppliers

A core value of the Group is a strict adherence to paying all suppliers within agreed terms.

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



A Roberts
Director

Date: 18th August 2020

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Cobham Aluminium & Stainless Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows and the related notes, 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 the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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

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

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, 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.

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 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 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 member for our audit work, for this report, or for the opinions we have formed.



Dave Darlaston (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 25/08/2020

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	93,198,113	80,869,499
Change in stocks of finished goods and work in progress		(3,482,546)	(3,705,671)
Raw materials and consumables		(57,900,755)	(50,686,743)
Other external charges		(8,418,395)	(7,315,589)
Staff costs	7	(14,690,292)	(12,121,883)
Depreciation and amortisation		(817,763)	(689,730)
Operating profit	5	7,888,362	6,349,883
Interest expense and similar charges	9	(65,243)	(55,959)
Profit before tax		7,823,119	6,293,924
Tax on profit	10	(1,528,626)	(1,230,033)
Profit after tax		6,294,493	5,063,891
Retained earnings at the beginning of the year		21,026,747	15,962,856
Profit for the year attributable to the owners of the parent		6,294,493	5,063,891
Retained earnings at the end of the year		27,321,240	21,026,747

The notes on pages 14 to 29 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED
REGISTERED NUMBER: 07543335

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets		3,573,866	3,333,932
		<u>3,573,866</u>	<u>3,333,932</u>
Current assets			
Stocks		23,870,422	20,387,876
Debtors: amounts falling due within one year		19,377,746	17,149,348
Cash at bank and in hand	15	12,372,895	11,536,232
		<u>55,621,063</u>	<u>49,073,456</u>
Creditors: amounts falling due within one year	16	(24,464,637)	(24,126,677)
Net current assets		<u>31,156,426</u>	<u>24,946,779</u>
Total assets less current liabilities		<u>34,730,292</u>	<u>28,280,711</u>
Creditors: amounts falling due after more than one year		(1,119,923)	(1,068,314)
Provisions for liabilities			
Other provisions		(789,129)	(685,650)
Net assets		<u><u>32,821,240</u></u>	<u><u>26,526,747</u></u>
Capital and reserves			
Called up share capital	22	5,500,000	5,500,000
Profit and loss account	23	27,321,240	21,026,747
		<u><u>32,821,240</u></u>	<u><u>26,526,747</u></u>

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


A Roberts
 Director

18th August 2020

The notes on pages 14 to 29 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED
REGISTERED NUMBER: 07543335

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	12	9,876,334	9,876,334
		<u>9,876,334</u>	<u>9,876,334</u>
Current assets			
Cash at bank and in hand	15	246,469	271,104
		<u>246,469</u>	<u>271,104</u>
Creditors: amounts falling due within one year	16	(3,188,630)	(3,188,630)
Net current liabilities		<u>(2,942,161)</u>	<u>(2,917,526)</u>
Total assets less current liabilities		<u>6,934,173</u>	<u>6,958,808</u>
Net assets		<u>6,934,173</u>	<u>6,958,808</u>
Capital and reserves			
Called up share capital	22	5,500,000	5,500,000
Profit and loss account brought forward		1,458,808	1,469,205
Loss for the year		(24,635)	(10,397)
Profit and loss account carried forward		1,434,173	1,458,808
		<u>6,934,173</u>	<u>6,958,808</u>

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


A Roberts
 Director

18th August 2020

The notes on pages 14 to 29 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	6,294,493	5,063,891
Adjustments for:		
Depreciation of tangible assets	817,763	689,730
Loss on disposal of tangible assets	(73,055)	-
Interest paid	65,243	55,959
Taxation charge	1,528,626	1,230,033
(Increase) in stocks	(3,482,546)	(3,705,671)
(Increase) in debtors	(2,209,936)	(2,708,602)
Increase in creditors	1,339,914	2,830,157
Increase/(decrease) in provisions	103,479	(38,327)
Corporation tax (paid)	(1,340,688)	(1,404,100)
Net cash generated from operating activities	3,043,293	2,013,070
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,106,761)	(111,822)
Sale of tangible fixed assets	122,119	-
HP interest paid	(43,301)	(32,901)
Net cash from investing activities	(1,027,943)	(144,723)
Cash flows from financing activities		
(Decrease)/increase in bank borrowings	(1,286,426)	462,155
Repayment of/new finance leases	129,681	(629,711)
Interest paid	(21,942)	(23,058)
Net cash used in financing activities	(1,178,687)	(190,614)
Net increase in cash and cash equivalents	836,663	1,677,733
Cash and cash equivalents at beginning of year	11,536,232	9,858,499
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	12,372,895	11,536,232

The notes on pages 14 to 29 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	11,536,232	836,663	12,372,895
Bank Borrowings	(1,286,426)	1,286,426	-
Finance leases	(1,536,419)	(129,681)	(1,666,100)
	<u>8,713,387</u>	<u>1,993,408</u>	<u>10,706,795</u>

The notes on pages 14 to 29 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The Company is a private company limited by shares and is incorporated and registered in England and Wales, registration number 07543335

The registered office is Parkway House Unit 6, Parkway Industrial Estate, Pacific Avenue, Wednesbury, West Midlands, England, WS10 7WP

The principal activity of the Group during the year was metal stockholding and the principal activity of this Company was to act as a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the consolidated financial position, results of operations, and cash flows of the Group. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. Notwithstanding this, the directors of the parent undertaking, Cobham Aluminium & Stainless Holdings Limited, having carefully considered all pertinent matters including the cash reserves of the Group are satisfied that the Company and Group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The directors of this Company accordingly continue to prepare the financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost 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.

2.5 Turnover

Turnover shown in the income statement represents the total invoice value of goods and services supplied during the year, exclusive of Value Added Tax.

Turnover is recognised when the risks and rewards of ownership have been transferred after all of the following criteria are met:

- persuasive evidence of an arrangement exists;
- delivery had occurred or services have been rendered;
- the seller's price to the buyer is fixed and determinable; and
- collectability is reasonably assured.

Turnover is recognised prior to delivery of goods, where there is an underlying contract with the customer meeting the definition of a "bill and hold" arrangement. In these situations, turnover is recognised once the principle benefits and risks have passed to the customer; in particular that the goods are available and ready for delivery, and that payment has been received from the customer and therefore legal title of the stock has passed.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of income and retained earnings on a straight line basis over the lease term.

2.7 Pensions

The Group operates a defined contribution plan for its employees.

The contributions are recognised as an expense in the Consolidated statement of income and retained earnings when they fall due. Once the contributions have been paid the Group has no further payment obligations. The assets of the plan are held separately from the Group in independently administered funds.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in the Consolidated statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Long-term leasehold property	- over the lease term
Plant and machinery	- 9% to 33%
Motor vehicles	- 9% to 33%
Fixtures and fittings	- 9% to 33%
Computer equipment	- 9% to 33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of income and retained earnings.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Stocks

Stocks are stated at either the lower of cost or net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on an average cost basis.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Financial instruments

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at transaction price.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on the notice of not more than 24 hours.

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.13 Property dilapidations

Under certain operating leases for land and buildings, the Group is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The Group charges amounts to profit or loss so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of the dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

2.14 Invoice discounting

The Group uses an invoice discount facility and retains all significant benefits and risks relating to debts. The gross amount of the debts are included within assets and a corresponding liability in respect of proceeds received from the facility are shown within liabilities. The interest and charges are recognised as they accrue and are included in the profit and loss account with other interest charges.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

3.1 Critical judgements in applying the group's accounting policies

Stock

Management applies judgement in evaluation stock for obsolescence. This judgement is based on management knowledge of the stock over the long term and customer demand, as well as stock age. At each statement of financial position date, stocks are assessed for impairment and written down where appropriate.

3.2 Key accounting estimates and assumptions

Dilapidation provisions

Provisions are made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. Dilapidation provisions have been estimated using historical costs and lease exit rates.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company. A geographical analysis of turnover is as follows:

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	81,157,263	71,078,250
Rest of Europe	9,159,219	7,924,023
Rest of the world	2,881,631	1,867,226
	<u>93,198,113</u>	<u>80,869,499</u>

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Owned tangible fixed asset - depreciation	381,322	374,390
Financed tangible fixed assets - depreciation	436,441	315,340
Exchange differences	239,633	87,526
Operating lease rentals - plant & machinery	267,043	334,121
Operating lease rentals - Land & buildings	1,126,508	1,009,528

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	32,500	45,080
Fees payable to the Group's auditor for the audit of the subsidiary's annual accounts		
Taxation compliance services	3,500	5,910
All other services	2,500	4,120
	6,000	10,030

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

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

	Group 2019 £	Group 2018 £
Wages and salaries	12,957,951	10,711,609
Social security costs	1,427,084	1,177,083
Cost of defined contribution scheme	305,257	233,191
	<u>14,690,292</u>	<u>12,121,883</u>

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

2019 No.	2018 No.
<u>298</u>	<u>281</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	23,125	14,909
Company contributions to defined contribution pension schemes	482	279
	<u>23,607</u>	<u>15,188</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Interest expense and similar charges

	2019 £	2018 £
Bank interest payable	21,942	23,058
Finance leases and hire purchase contracts	43,301	32,901
	<u>65,243</u>	<u>55,959</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	1,519,851	1,225,394
Adjustments in respect of previous periods	27,237	-
Total current tax	<u>1,547,088</u>	<u>1,225,394</u>
Deferred tax		
Origination and reversal of timing differences	(18,462)	4,639
Taxation on profit on ordinary activities	<u>1,528,626</u>	<u>1,230,033</u>

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>7,823,119</u>	<u>6,293,924</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>1,486,393</u>	<u>1,195,846</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	26,368	33,213
Fixed Asset timing difference	(13,543)	-
Adjustments to tax charge in respect of prior periods	27,237	-
Other timing differences leading to an increase (decrease) in taxation	2,171	974
Total tax charge for the year	<u><u>1,528,626</u></u>	<u><u>1,230,033</u></u>

Factors that may affect future tax charges

In March 2020 the UK Government set future corporation tax rates at 19%. This does not have a material effect on the Group.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2019	689,104	5,840,993	1,823,798	1,557,941	586,109	10,497,945
Additions	35,443	766,219	167,898	100,577	36,624	1,106,761
Disposals	(16,846)	(1,103,109)	(198,006)	(119,244)	(152,185)	(1,589,390)
At 31 December 2019	<u>707,701</u>	<u>5,504,103</u>	<u>1,793,690</u>	<u>1,539,274</u>	<u>470,548</u>	<u>10,015,316</u>
Depreciation						
At 1 January 2019	163,369	4,005,835	1,248,093	1,283,634	463,082	7,164,013
Charge for the year on owned assets	59,618	351,874	239,753	100,321	66,197	817,763
Disposals	(3,385)	(1,076,290)	(198,007)	(110,459)	(152,185)	(1,540,326)
At 31 December 2019	<u>219,602</u>	<u>3,281,419</u>	<u>1,289,839</u>	<u>1,273,496</u>	<u>377,094</u>	<u>6,441,450</u>
Net book value						
At 31 December 2019	<u>488,099</u>	<u>2,222,684</u>	<u>503,851</u>	<u>265,778</u>	<u>93,454</u>	<u>3,573,866</u>
At 31 December 2018	<u>525,735</u>	<u>1,835,158</u>	<u>575,705</u>	<u>274,307</u>	<u>123,027</u>	<u>3,333,932</u>

Finance leases

Included within the net book value of £3,573,866 is £1,994,061 (2018: £1,710,683) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £436,441 (2018: £315,340).

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	9,876,334
At 31 December 2019	<u>9,876,334</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Smiths Metal Centres Limited	2nd Floor of Council Office, Gernon Road, Letchworth Garden City, England, SG6 3JF.	Ordinary	100%

13. Stocks

	Group 2019 £	Group 2018 £
Goods held for resale	<u>23,870,422</u>	<u>20,387,876</u>

A provision of £3,569,995 (2018: £2,691,960) has been recognised against the stock balance due to slow moving and obsolete stock. The net increase of the provision of £878,035 (2018: increase of £409,290) has been recognised in the income statement.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Debtors

	Group 2019 £	<i>Group 2018 £</i>
Trade debtors	18,101,243	16,398,737
Other debtors	470,789	61,442
Prepayments and accrued income	786,528	688,445
Deferred taxation	19,186	724
	<u>19,377,746</u>	<u>17,149,348</u>

15. Cash and cash equivalents

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Cash at bank and in hand	12,372,895	11,536,232	246,469	271,104
	<u>12,372,895</u>	<u>11,536,232</u>	<u>246,469</u>	<u>271,104</u>

16. Creditors: Amounts falling due within one year

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Bank borrowings	-	1,286,426	-	-
Trade creditors	13,147,860	13,327,927	-	-
Amounts owed to parent undertaking	3,188,630	3,188,630	3,188,630	3,188,630
Corporation tax	799,795	593,395	-	-
Other taxation and social security	1,586,681	1,538,781	-	-
Obligations under finance lease and hire purchase contracts	546,177	468,105	-	-
Accruals and deferred income	5,195,494	3,723,413	-	-
	<u>24,464,637</u>	<u>24,126,677</u>	<u>3,188,630</u>	<u>3,188,630</u>

The bank borrowings under creditors falling due within one year relate to the invoice discounting and inventory facilities provided by HSBC plc and were secured against the associated trade debtors balance and by fixed and floating charges against the assets of the Group. These borrowings were repaid in 2019.

The amounts owed to parent undertaking are unsecured and incur no interest charge. The balance is repayable on demand.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Creditors: Amounts falling due after more than one year

	Group 2019 £	<i>Group 2018 £</i>
Net obligations under finance leases and hire purchase contracts	1,119,923	<i>1,068,314</i>

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	<i>Group 2018 £</i>
Within one year	546,177	<i>468,105</i>
Between 1-5 years	1,119,923	<i>1,068,314</i>
	1,666,100	<i>1,536,419</i>

All amounts due under finance lease arrangements are secured on the assets to which they relate.

19. Financial instruments

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	18,572,032	<i>16,460,179</i>	-	<i>-</i>
Financial liabilities				
Financial liabilities measured at amortised cost	(21,531,984)	<i>(21,526,396)</i>	3,188,630	<i>3,188,630</i>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors

Financial liabilities measured at amortised cost comprise bank borrowings, trade creditors, other creditors, intercompany loan and accruals

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

20. Deferred taxation

Group

	2019
	£
At beginning of year	724
Credited in the year	18,462
At end of year	19,186
	19,186

	Group	Group
	2019	2018
	£	£
Accelerated capital allowances	17,486	724
Short term timing differences	1,700	-
	19,186	724
	19,186	724

21. Provisions

Group

	Dilapidation provision
	£
At 1 January 2019	685,650
Charged to profit or loss	110,000
Utilised in year	(6,521)
At 31 December 2019	789,129
	789,129

The dilapidation provision represents obligations under tenancy leases and is expected to be utilised over the remaining lease terms.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

22. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,000,000 (2018 - 2,000,000) Ordinary shares shares of £1.00 each	2,000,000	2,000,000
3,500,000 (2018 - 3,500,000) Redeemable preference shares shares of £1.00 each	3,500,000	3,500,000
	<u>5,500,000</u>	<u>5,500,000</u>

Ordinary shares have full rights with regards to voting, participation and dividends.

The shares rank pari-passu with the exception that the redeemable preference shares have no dividend rights.

The redeemable preference shares can be redeemed at par at any time (at the option of the Company) having given not less than three months previous notice in writing. The notice in writing should state the particular shares to be redeemed, the date fixed for redemption and the time and place at which the certificates for such shares are to be presented for redemption. As such, in accordance with FRS 102 section 22 'Liabilities and Equity', these shares have been presented as equity.

23. Reserves

Profit and loss account

includes all current and prior period retained profits and losses

24. Pension commitments

The Group's subsidiary participates in a defined contribution pension scheme for the benefit of all enrolled UK employees. The amounts outstanding at the year end were £Nil (2018: £Nil)

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

25. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	1,099,667	993,947
Later than 1 year and not later than 5 years	3,560,640	3,033,148
Later than 5 years	2,308,940	2,520,535
	<u>6,969,247</u>	<u>6,547,630</u>
	Group 2019 £	Group 2018 £
Not later than 1 year	26,460	26,460
Later than 1 year and not later than 5 years	48,509	77,174
	<u>74,969</u>	<u>103,634</u>

26. Related party transactions

During the year the Group made purchases from metal distribution companies that are connected by virtue of common control of £1,188,705 (2018: £1,447,738). The directors consider that no material balances remain outstanding at the year end.

Compensation paid to key management personnel is considered to relate to the directors' remuneration as disclosed within the notes to the financial statements.

27. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling related party is Henley Management Company, a company registered in the USA.