

Registered number: 07543335

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



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

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COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 £4,086,738 (2019 - £6,294,493).

The directors have not recommended a dividend (2019: £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 2020

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.

Qualifying third party indemnity provisions

The Company has maintained directors' and officers' liability insurance in respect of its directors.

Energy and carbon emissions

The Group doesn't have the tools in place to accurately measure the data required to disclose a Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) in relation to Smiths Metals Limited, the only entity within the group required to report under SECR. The Directors are considering their options in order to be able to comply with this requirement in future.

Matters covered in the strategic report

The business review, principal risks and uncertainties, financial key performance indicators and employee consultation are not included in the Directors Report as they are included in the Strategic Report as required under S414c of the Companies Act.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

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: 3rd September 2021

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report for the year ended 31 December 2020.

Business review and future developments

The profit for the year, after taxation, amounted to £4,086,738 (2019: £6,294,493). The directors have not recommended a dividend (2019: £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 decreased to £87.4 million (2019: £93.2 million)
Profit before tax decreased to £5.2 million (2019: £7.8 million)
Net assets increased to £36.9 million (2019: £32.8 million)
Average number of employees increased from 298 to 343

On 28th February 2020 the Group acquired the entire share capital of Express Metal Services Limited.

The directors of the Group are not satisfied with the results for the year. Turnover and gross profit have decreased compared to 2019, 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 United Kingdom right to privacy legislation.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

During the year ending 31 December 2020, the Group reported positive results despite experiencing the peak of the COVID-19 pandemic. Therefore, the directors remain confident in the consolidated financial position, results of operations and cash flows of the Group. While economic uncertainty still exists, with the rollout of COVID-19 vaccines and easing of lockdown measures throughout the UK, the future of the pandemic is expected to have a reduced financial impact on the Group.

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 Group treasury function is available to the parent and all companies in the Group; the directors of this Group accordingly continue to prepare the financial statements on the going concern basis

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.

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.

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.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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



A Roberts
Director

Date: 3rd September 2021

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 2020, 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 2020 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

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

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

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

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

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

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.

Qualified Opinion on other matters prescribed by the Companies Act 2006

Except for the matters set out in the basis for qualified opinion set out below in our opinion based on the work undertaken in the course of our 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.

Basis for Qualified Opinion on other matter prescribed by the Companies Act 2006

As set out in Page 2 of the Directors' report the financial statements do not include the Statement of Carbon emissions in compliance with the Streamlined Energy and Carbon Reporting disclosures required by company law as the Group does not have adequate records to capture this information.

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.

Except for the matters described above 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 set out 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 Group financial statements.

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:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, the override of controls by management, posting of unusual or complex transactions/journals and manipulating the Company's key performance indicators to meet targets.

Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and income transactions and review of accounting estimates for biases.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

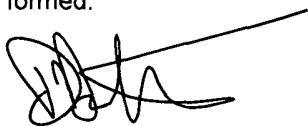
INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED (CONTINUED)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 shareholder, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholder 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 shareholder, as a body, 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:

6 September 2021

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	87,435,515	93,198,113
Change in stocks of finished goods and work in progress		1,907,828	(3,482,546)
Other operating income	5	540,851	-
Raw materials and consumables		(58,991,234)	(57,900,755)
Other external charges		(8,549,465)	(8,418,395)
Staff costs		(15,553,426)	(14,690,292)
Depreciation and amortisation		(1,547,720)	(817,763)
Operating profit	6	5,242,349	7,888,362
Interest receivable and similar income		817	-
Interest expense and similar charges	10	(67,222)	(65,243)
Profit before tax		5,175,944	7,823,119
Tax on profit	11	(1,089,206)	(1,528,626)
Profit after tax		4,086,738	6,294,493
 Retained earnings at the beginning of the year		 27,321,240	 21,026,747
Profit for the year attributable to the owners of the parent		4,086,738	6,294,493
Retained earnings at the end of the year		31,407,978	27,321,240

The notes on pages 17 to 32 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED
REGISTERED NUMBER: 07543335

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	2,225,691	-
Tangible assets	13	5,654,245	3,573,866
		<u>7,879,936</u>	<u>3,573,866</u>
Current assets			
Stocks	15	22,526,462	23,870,422
Debtors: amounts falling due within one year	16	16,187,163	19,377,746
Cash at bank and in hand		17,911,532	12,372,895
		<u>56,625,157</u>	<u>55,621,063</u>
Creditors: amounts falling due within one year	17	(25,121,904)	(24,464,637)
Net current assets		<u>31,503,253</u>	<u>31,156,426</u>
Total assets less current liabilities		<u>39,383,189</u>	<u>34,730,292</u>
Creditors: amounts falling due after more than one year	18	(1,680,955)	(1,119,923)
Provisions for liabilities			
Other provisions	21	(794,256)	(789,129)
Net assets		<u>36,907,978</u>	<u>32,821,240</u>
Capital and reserves			
Called up share capital	22	5,500,000	5,500,000
Profit and loss account		31,407,978	27,321,240
		<u>36,907,978</u>	<u>32,821,240</u>

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


A Roberts
 Director

Date: 3rd September 2021

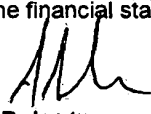
The notes on pages 17 to 32 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED
REGISTERED NUMBER: 07543335

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	14	14,649,544	9,876,334
Current assets			
Debtors: amounts falling due within one year	16	31,945	-
Cash at bank and in hand		324,251	246,469
		<u>356,196</u>	<u>246,469</u>
Creditors: amounts falling due within one year	17	(3,871,630)	(3,188,630)
Net current liabilities		<u>(3,515,434)</u>	<u>(2,942,161)</u>
Total assets less current liabilities		<u>11,134,110</u>	<u>6,934,173</u>
Net assets		<u>11,134,110</u>	<u>6,934,173</u>
Capital and reserves			
Called up share capital	22	5,500,000	5,500,000
Profit and loss account brought forward		1,434,173	1,458,808
Profit/(loss) for the year		4,199,937	(24,635)
Profit and loss account carried forward		5,634,110	1,434,173
		<u>11,134,110</u>	<u>6,934,173</u>

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


A Roberts
 Director

Date: 3rd September 2021

The notes on pages 17 to 32 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	4,086,738	6,294,493
Adjustments for:		
Amortisation of intangible assets	445,137	-
Depreciation of tangible assets	1,102,583	817,763
Profit on disposal of tangible assets	(1,149)	(73,055)
Interest paid	67,222	65,243
Interest received	(817)	-
Taxation charge	1,089,206	1,528,626
Decrease/(increase) in stocks	1,816,990	(3,482,546)
Decrease/(increase) in debtors	4,562,409	(2,209,936)
(Decrease)/increase in creditors	(1,419,119)	1,339,914
Increase in provisions	5,127	103,479
Corporation tax (paid)	(1,302,469)	(1,340,688)
Net cash generated from operating activities	10,451,858	3,043,293
Cash flows from investing activities		
Acquisition of subsidiary	(4,090,210)	-
Cash acquired with subsidiary	1,189,019	-
Purchase of tangible fixed assets	(2,782,496)	(1,106,761)
Sale of tangible fixed assets	51,687	122,119
Interest received	817	-
HP interest paid	(67,222)	(43,301)
Net cash from investing activities	(5,698,405)	(1,027,943)
Cash flows from financing activities		
Other new loans	-	(1,286,426)
Repayment of/new finance leases	785,184	129,681
Interest paid	-	(21,942)
Net cash used in financing activities	785,184	(1,178,687)

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Net increase in cash and cash equivalents	5,538,637	836,663
Cash and cash equivalents at beginning of year	12,372,895	11,536,232
Cash and cash equivalents at the end of year	17,911,532	12,372,895
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	17,911,532	12,372,895

The notes on pages 17 to 32 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	12,372,895	5,538,637	17,911,532
Finance leases	(1,666,100)	(785,184)	(2,451,284)
	<u>10,706,795</u>	<u>4,753,453</u>	<u>15,460,248</u>

The notes on pages 17 to 32 form part of these financial statements.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

During the year ending 31 December 2020, the Group reported positive results despite experiencing the peak of the COVID-19 pandemic. Therefore, the directors remain confident in the consolidated financial position, results of operations and cash flows of the Group. While economic uncertainty still exists, with the rollout of COVID-19 vaccines and easing of lockdown measures throughout the UK the future of the pandemic is expected to have a reduced financial impact on the Group.

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 Group treasury function is available to the parent and all companies in the Group; the directors of this Group accordingly continue to prepare the financial statements on the going concern basis.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 profit or loss on a straight line basis over the lease term.

2.7 Government grants

Grants are accounted under the FRS 102 accrual model.

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

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.8 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.

2.9 Taxation

Tax is recognised in profit or loss 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.

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of income and retained earnings over its useful economic life of five years.

2.11 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.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 2%
Long-term leasehold property	- over the term of the lease
Plant and machinery	- 9% to 33%
Motor vehicles	- 9% to 33%
Fixtures and fittings	- 9% to 33%
Computer equipment	- 9% to 33%

Freehold land is not depreciated.

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

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

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 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.

2.14 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.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.15 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.

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 either provided for or written down as 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:

	2020 £	2019 £
United Kingdom	74,156,075	81,157,263
Rest of Europe	10,276,645	9,159,219
Rest of the world	3,002,795	2,881,631
	<u>87,435,515</u>	<u>93,198,113</u>

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020 £	2019 £
Other operating income	3,719	-
Government grants receivable	537,132	-
	<u>540,851</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Owned tangible fixed asset - depreciation	480,814	381,322
Financed tangible fixed asset - depreciation	621,769	436,441
Exchange differences	130,184	239,633
Operating lease rentals - Plant & machinery	31,493	267,043
Operating lease rentals - Land & buildings	1,501,867	1,126,508
	<u>1,501,867</u>	<u>1,126,508</u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	43,400	32,500
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	5,150	3,500
All other services	3,825	2,500
	<u>8,975</u>	<u>6,000</u>

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employees

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

	Group 2020 £	Group 2019 £
Wages and salaries	13,743,437	12,957,951
Social security costs	1,392,138	1,427,084
Cost of defined contribution scheme	417,851	305,257
	15,553,426	14,690,292

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

	2020 No.	2019 No.
Staff	343	298

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	19,756	23,125
Company contributions to defined contribution pension schemes	414	482
	20,170	23,607

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

10. Interest expense and similar charges

	2020 £	2019 £
Bank interest payable	706	21,942
Finance leases and hire purchase contracts	66,516	43,301
	67,222	65,243

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	1,104,585	1,519,851
Adjustments in respect of previous periods	9,453	27,237
Total current tax	<u>1,114,038</u>	<u>1,547,088</u>
Deferred tax		
Origination and reversal of timing differences	(22,647)	(18,462)
Changes to tax rates	(2,185)	-
Taxation on profit on ordinary activities	<u>1,089,206</u>	<u>1,528,626</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>5,175,944</u>	<u>7,823,119</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	983,429	1,486,393
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	101,286	26,368
Fixed Asset timing difference	(2,981)	(13,543)
Adjustments to tax charge in respect of prior periods	9,481	27,237
Other timing differences leading to an increase (decrease) in taxation	(2,252)	2,171
Non-taxable income	88	-
Deferred tax not recognised	155	-
Total tax charge for the year	<u>1,089,206</u>	<u>1,528,626</u>

Factors that may affect future tax charges

In March 2020 the UK Government announced an increase in the UK Corporation Tax headline rate to 25% with effect from 1 April 2023.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Intangible assets

Group and Company

	Goodwill £
Cost	
Additions	2,670,828
At 31 December 2020	2,670,828
Amortisation	
Charge for the year on owned assets	445,137
At 31 December 2020	445,137
Net book value	
At 31 December 2020	2,225,691
At 31 December 2019	-

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2020	707,701	5,504,103	1,793,690	1,539,274	470,548	10,015,316
Additions	79,870	1,968,651	376,260	286,875	70,840	2,782,496
Aquisition of subsidiary	393,955	100,298	224,499	21,600	-	740,352
Disposals	-	(337,863)	(185,112)	(4,645)	(43,474)	(571,094)
At 31 December 2020	<u>1,181,526</u>	<u>7,235,189</u>	<u>2,209,337</u>	<u>1,843,104</u>	<u>497,914</u>	<u>12,967,070</u>
Depreciation						
At 1 January 2020	219,602	3,281,419	1,289,839	1,273,496	377,094	6,441,450
Charge for the year on owned assets	69,543	536,256	297,361	123,951	75,472	1,102,583
Aquisition of subsidiary	51,215	73,458	156,575	8,100	-	289,348
Disposals	-	(291,452)	(180,987)	(4,644)	(43,473)	(520,556)
At 31 December 2020	<u>340,360</u>	<u>3,599,681</u>	<u>1,562,788</u>	<u>1,400,903</u>	<u>409,093</u>	<u>7,312,825</u>
Net book value						
At 31 December 2020	<u>841,166</u>	<u>3,635,508</u>	<u>646,549</u>	<u>442,201</u>	<u>88,821</u>	<u>5,654,245</u>
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>

Land and buildings

Land and buildings include freehold property with a net book value of £336,175 and long-term leasehold property with a net book value of £504,991.

Finance leases

Included within the net book value of £5,654,245 is £3,454,200 (2019: £1,994,061) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £621,769 (2019: £436,441).

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	9,876,334
Additions	4,773,210
At 31 December 2020	<u>14,649,544</u>

Subsidiary undertakings

The following were subsidiary undertakings 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%
Express Metal Services Limited	Parkway House, Unit 6 Parkway Industrial Estate, Pacific Avenue, Wednesbury, West Midlands, WS10 7WP	Ordinary	100%

15. Stocks

	Group 2020 £	Group 2019 £
Goods held for resale	<u>22,526,462</u>	<u>23,870,422</u>

A provision of £5,806,878 (2019: £3,569,995) has been recognised against the stock balance due to slow moving and obsolete stock. The net increase of the provision of £2,236,883 (2019: increase of £878,035) has been recognised in the income statement.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	15,130,894	18,101,243	-	-
Other debtors	66,744	470,789	31,945	-
Prepayments and accrued income	965,681	786,528	-	-
Deferred taxation	23,844	19,186	-	-
	16,187,163	19,377,746	31,945	-

17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	13,740,715	13,147,860	-	-
Amounts owed to group undertakings	3,188,630	3,188,630	3,193,630	3,188,630
Corporation tax	694,725	799,795	-	-
Other taxation and social security	1,614,992	1,586,681	-	-
Obligations under finance lease and hire purchase contracts	770,329	546,177	-	-
Accruals and deferred income	5,112,513	5,195,494	678,000	-
	25,121,904	24,464,637	3,871,630	3,188,630

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

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

	Group 2020 £	Group 2019 £
Net obligations under finance leases and hire purchase contracts	1,680,955	1,119,923
	1,680,955	1,119,923

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	770,329	546,177
Between 1-5 years	1,680,955	1,119,923
	<u>2,451,284</u>	<u>1,666,100</u>

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

20. Deferred taxation

Group

	2020 £
At beginning of year	19,186
Credited in the year	24,832
Arising on business combinations	(20,174)
At end of year	<u>23,844</u>

	Group 2020 £	Group 2019 £
Accelerated capital allowances	17,622	17,486
Short term timing differences	6,222	1,700
	<u>23,844</u>	<u>19,186</u>

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Provisions

Group

	Dilapidation provision £
At 1 January 2020	789,129
Charged to profit or loss	5,127
At 31 December 2020	<u>794,256</u>

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

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2,000,000 (2019 - 2,000,000) Ordinary shares shares of £1.00 each	2,000,000	2,000,000
3,500,000 (2019 - 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.

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

23. Business combinations

Acquisition of Express Metal Services Limited

Acquisition of Express Metal Services Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value and Fair value £
Fixed Assets	
Tangible	451,003
Current Assets	
Stocks	473,030
Debtors	1,372,168
Cash at bank and in hand	1,189,019
Total Assets	3,485,220
Creditors	
Due within one year	(1,362,664)
Provisions for liabilities	(20,174)
Total identifiable net assets	2,102,382
Goodwill	2,670,828
Total purchase consideration	4,773,210
Consideration	
	£
Cash	4,065,697
Contingent consideration	678,000
Directly attributable costs	29,513
Total purchase consideration	4,773,210

COBHAM ALUMINIUM & STAINLESS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Business combinations (continued)

The results of Express Metal Services Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	4,909,179
Profit for the period since acquisition	277,544

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 (2019: £Nil).

25. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	1,393,833	1,126,127
Later than 1 year and not later than 5 years	4,828,879	3,609,149
Later than 5 years	5,084,494	2,308,940
	11,307,206	7,044,216

26. Related party transactions

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.