Registration number: 08286820

PFW UK Machining Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

PFW UK Machining Limited

Contents

PFW UK Machining Limited

Company Information

Directors	S Korn
	A Charpentier
Company secretary	Quayseco Limited
Registered office	Units 1 and 2 Teal Way Hemdale Business Park Nuneaton Warwickshire CV11 6GZ
Auditors	Rödl & Partner Limited 170 Edmund Street Birmingham B3 2HB

PFW UK Machining Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' of the company

The directors, who held office during the year, were as follows:

M Kister (ceased 1 April 2022)

T Schillinger (ceased 1 April 2022)

S Korn (appointed 1 April 2022)

A Charpentier (appointed 1 April 2022)

Principal activity

The principal activity of the company is that of providing logistical services within aerospace industry.

The loss for the year after taxation amounted to £42,147 (2021: profit £50,962). The directors do not recommend a final dividend for 2022 (2021: £nil).

Financial instruments

Objectives and policies

Financial Risk Management

The Company's principal financial instruments comprise trade creditors and intercompany trading balances. The Company does not enter into derivative transactions and it is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments is liquidity risk.

The Company has used the services of an external consultant in order to assess the Brexit implications on the business. The potential risks that will impact the wider group (i.e. potential tariffs on the imported goods, additional clearance time at customs) could impact the timing of the distribution and logistics services that the Company provides. The Company is continuing to monitor the Brexit situation, but based upon the risk assessment performed to date, the Company does not currently expect material adverse effects from Brexit on its business.

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company manages liquidity risk through inter-group funding facilities (trading balances) provided by its parent undertaking.

Employment of disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The company's policy is to consult and discuss with employees, through staff meetings, all matters likely to affect employees' interests.

Information on matters of concern to employees is given through bulletins and reports that seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

PFW UK Machining Limited

Directors' Report for the Year Ended 31 December 2022

Going concern

The financial statements have been prepared on a going concern basis which the directors believe is appropriate for the reasons set out below.

The company incurred a loss after tax for the financial year of £42,147 (2021: profit £50,962) and has net current assets of £874,311 (2021: £901,667) and overall net assets of £907,238 at 31 December 2022 (2021: £949,385).

The directors have prepared cash flow projections for a period of 12 months from the date of signing these financial statements. The projections indicate that the margins from services projected to be made to group companies, taking account of reasonably possible downsides, are sufficient for managing the day to day cash flow obligations of the Company.

Future developments

The director's anticipate growth in business in the upcoming years.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on Dec. 12, 23 and signed on its behalf by:

S. Ch

....

S Korn

Director

....

A Charpentier

Director

PFW UK Machining Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

PFW UK Machining Limited

Independent Auditor's Report to the Members of PFW UK Machining Limited

Opinion

We have audited the financial statements of PFW UK Machining Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The 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.

PFW UK Machining Limited

Independent Auditor's Report to the Members of PFW UK Machining Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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.

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

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

Independent Auditor's Report to the Members of PFW UK Machining Limited

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....

Imran Farooq (Senior Statutory Auditor)
For and on behalf of Rödl & Partner Limited, Statutory Auditor

170 Edmund Street
Birmingham
B3 2HB

Date: 12 Dec 2023

PFW UK Machining Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	1,484,634	1,166,178
Cost of sales		(1,136,352)	(800,660)
Gross profit		348,282	365,518
Administrative expenses		(369,938)	(330,881)
Other operating income	4	1,500	12,107
Operating (loss)/profit	5	(20,156)	46,744
Interest payable and similar expenses	6	(5,096)	(6,613)
(Loss)/profit before tax		(25,252)	40,131
Corporation tax	10	(16,895)	10,831
(Loss)/profit for the year		(42,147)	50,962

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

PFW UK Machining Limited

(Registration number: 08286820)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	15,906	20,672
Right of use assets	12	150,508	255,400
Other financial assets	13	6,250	6,250
		172,664	282,322
Current assets			
Trade and other debtors	14	1,054,953	955,408
Cash at bank and in hand	15	48,534	74,832
		1,103,487	1,030,240
Creditors: Amounts falling due within one year	16	(229,176)	(128,573)
Net current assets		874,311	901,667
Total assets less current liabilities		1,046,975	1,183,989
Creditors: Amounts falling due after more than one year	17	(61,115)	(155,982)
Provisions for liabilities	20	(78,622)	(78,622)
Net assets		907,238	949,385
Capital and reserves			
Called up share capital	21	1	1
Capital redemption reserve		2,016,321	2,016,321
Retained earnings		(1,109,084)	(1,066,937)
Shareholders' funds		907,238	949,385

Approved by the board on Dec 12, 23 and signed on its behalf by:

....
S Korn
Director

....
A Charpentier
Director

PFW UK Machining Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2022	1	2,016,321	(1,066,937)	949,385
Loss for the year	-	-	(42,147)	(42,147)
Total comprehensive income	-	-	(42,147)	(42,147)
At 31 December 2022	1	2,016,321	(1,109,084)	907,238

	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
At 1 January 2021	1	2,016,321	(1,117,899)	898,423
Profit for the year	-	-	50,962	50,962
Total comprehensive income	-	-	50,962	50,962
At 31 December 2021	1	2,016,321	(1,066,937)	949,385

The notes on pages 11 to 23 form an integral part of these financial statements.

PFW UK Machining Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:
Units 1 and 2
Teal Way Hemdale Business Park
Nuneaton
Warwickshire
CV11 6GZ
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015, the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6 – 33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of IFRS 9 Financial Instruments;
- The requirements of IFRS 15 Revenue;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Hutchinson Holding GmbH include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe is appropriate for the reasons set out below.

The company incurred a loss after tax for the financial year of £42,147 (2021: profit £50,962) and has net current assets of £874,311 (2021: £901,667) and overall net assets of £907,238 at 31 December 2022 (2021: £949,385).

The directors have prepared cash flow projections for a period of 12 months from the date of signing these financial statements. The projections indicate that the margins from sales projected to be made to group companies, taking account of reasonably possible downsides, are sufficient for managing the day to day cash flow obligations of the Company.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to logistical services. The revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and equipment	Straight line basis 10 years
Right of use assets - property	Straight line over its useful life

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors
Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

PFW UK Machining Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Leasing and hire purchase commitments

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Building leasing 5 years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Financial Assets

Initial Recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss or loans and receivables as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit of loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the profit and loss account.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the profit or loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses.

De-recognition of financial assets
A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expenses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

PFW UK Machining Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022 £	2021 £
Rendering of services	1,484,634	1,166,178

The analysis of the company's turnover for the year by market is as follows:

	2022 £	2021 £
Rest of world	1,484,634	1,166,178

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Furlough Income	-	11,655
Other revenue	1,500	452
	1,500	12,107

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	109,658	109,658

6 Interest payable and similar expenses

	2022 £	2021 £
Interest expense on other financing liabilities	496	-
Interest expense on lease liabilities	4,600	6,613
	5,096	6,613

7 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
Wages and salaries	930,378	656,214
Social security costs	118,493	76,975
Pension costs, defined contribution scheme	37,591	28,238
Other employee expense	435	-
	1,086,897	761,427

The average number of persons employed by the company during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production	8	8
Administration and support	8	5
	16	13

8 Directors' remuneration

The two directors are remunerated through another group undertaking.

9 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	11,220	10,200
Other fees to auditors		
Taxation compliance services	2,400	2,400

10 Income tax

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	16,895	(6,024)
Deferred taxation		
Arising from origination and reversal of temporary differences	-	(4,807)
Tax expense/(receipt) in the profit and loss account	16,895	(10,831)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
(Loss)/profit before tax	(25,252)	40,131
Corporation tax at standard rate	(4,798)	7,625
Increase from tax losses for which no deferred tax asset was recognised	-	(20,898)
Increase in current tax from unrecognised temporary difference from a prior period	276	-
Deferred tax credit relating to changes in tax rates or laws	(1,428)	(4,683)
Other tax effects for reconciliation between accounting profit and tax expense	22,845	7,125
Total tax charge/(credit)	16,895	(10,831)

11 Tangible assets

	Plant and equipment £	Total £
Cost or valuation		
At 1 January 2022	42,739	42,739
At 31 December 2022	42,739	42,739
Depreciation		
At 1 January 2022	22,067	22,067
Charge for the year	4,766	4,766
At 31 December 2022	26,833	26,833
Carrying amount		
At 31 December 2022	15,906	15,906
At 31 December 2021	20,672	20,672

12 Right of use assets

	Property £	Total £
Cost or valuation		
At 1 January 2022	530,339	530,339
At 31 December 2022	530,339	530,339
Depreciation		
At 1 January 2022	274,939	274,939
Charge for the year	104,892	104,892
At 31 December 2022	379,831	379,831
Carrying amount		
At 31 December 2022	150,508	150,508

13 Other financial assets

	2022 £	2021 £
Non-current financial assets		
Financial assets at amortised cost	6,250	6,250

14 Trade and other debtors

	2022 £	2021 £
Trade and other debtors falling due within one year		
Trade debtors	4,797	6,376
Debtors from related parties	938,326	871,956
Deferred tax asset	25,464	19,514
Prepayments	23,295	22,200
Other debtors	53,571	12,713
Corporation tax asset	9,500	22,649
	1,054,953	955,408

15 Cash at bank and in hand

	2022 £	2021 £
Cash in hand	172	104
Cash at bank	48,362	74,728
	48,534	74,832

16 Creditors: amounts falling due less than one year

	2022 £	2021 £
Trade creditors	4,906	1,200
Social security and other taxes	34,796	-
Other creditors	96,619	21,973
Lease liabilities - under 1 year	92,855	105,400
	229,176	128,573

17 Creditors: Financial liabilities falling due after more than one year

	2022 £	2021 £
Non-current loans and borrowings		
Lease liabilities - long term (2-5 years)	63,128	155,982

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the profit and loss account so as to achieve a constant rate of interest on the remaining balance of the liability.

The lease liabilities were discounted at the present value of the remaining lease payments using the incremental borrowing rate as of 1 January 2019. For further information on the composition of the incremental borrowing rate and the determination of the lease term, please refer to the explanations given in the section on general accounting policies. The rights of use are shown separately in the balance sheet and the lease liabilities are shown under financial liabilities. The weighted average interest rate was 1.52% as of 1 January 2019.

	Payment £	Interest £	Repayment £
The conditions and repayment terms of the previous year's finance lease liabilities and their maturity structure are broken down as follows:			
Due in < 1 year	110,000	(4,600)	105,400
Due in 1 - 5 years	159,167	(3,185)	155,982
	269,167	(7,784)	261,382

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £37,591 (2021 - £28,238).

19 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2022 £	2021 £
Within one year	13,814	8,033

The amount of non-cancellable operating lease payments recognised as an expense during the year was £13,814 (2021 - £8,033)

20 Other provisions

	Other provisions £	Total £
At 1 January 2022	78,622	78,622
At 31 December 2022	78,622	78,622
Non-current liabilities	78,622	78,622

The provision relates to dilapidations on the Nuneaton property which is held under a finance lease by the Company. The provision covers the cost of restoring the property back to original condition, as required by the lease agreement.

21 Share capital

Allotted, called up and fully paid shares

	2022 No.	 £	2021 No.	 £
Ordinary shares of £1 each	1	1	1	1

22 Parent and ultimate parent undertaking

The company's immediate parent is PFW Aerospace GmbH.

The ultimate parent is Hutchinson SA. These financial statements are available upon request from Hutchinson Liaison Office, Office No. 401, Fourth Galleria Market, DLF-JV Gurgaon HR 122009 IN.

Relationship between entity and parents
The parent of the largest group in which these financial statements are consolidated is Hutchinson SA, incorporated in France.

The address of Hutchinson SA is:
Paris, France.

The parent of the smallest group in which these financial statements are consolidated is Hutchinson Holding GmbH, incorporated in Germany.

The address of Hutchinson Holding GmbH is:
Hansastr. 66, D-68169 Mannheim, Germany.