

**Registered number: 10220664**

**Dynamic Aerospace and Defense  
Limited**

**Annual report**

**31 March 2022**

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# Dynamic Aerospace and Defense Limited

## Company information

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<b>Directors</b>	D J Greatorex D D Nystrom
<b>Registered number</b>	10220664
<b>Registered office</b>	Avenue One Chilton Industrial Estate Ferryhill County Durham DL17 0SG
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Solicitors</b>	Muckle LLP 32 Gallowgate Newcastle upon Tyne NE1 4BF

# **Dynamic Aerospace and Defense Limited**

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# **Dynamic Aerospace and Defense Limited**

## **Group strategic report Year ended 31 March 2022**

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### **Introduction**

The principal activity of the group during this year was the manufacture and sale of sub contract sheet metal components and assemblies.

### **Development and performance of the company during the financial year**

The year to 31st March 2022 has seen an increase in revenue on the previous year of 42.95%. This increase is a result of the business' continued recovery from the impact of the Covid-19 pandemic which resulted in the business having to pause operations for a period in FY21. Profitability improved on FY21 as a result of this increased revenue. This was due to a strong return in demand from our existing portfolio of customers. The business remains in a strong financial position with a robust customer base across a diverse range of sectors. Despite the uncertainty caused by Covid-19, the workforce remains highly motivated.

The principal KPI's relate to Efficiency, Safety, Quality, Delivery and reducing the company's impact on the environment. Nearly all initiatives and improvement projects currently being pursued can be related to these indicators.

### **Principal risks and uncertainties facing the group**

The group still continues a policy of careful cash flow management and the business continues to have the full support of the bank and is considered a low risk. To date, the business has taken steps to mitigate the impact of rising prices as a result of inflation. The board continues to be vigilant and will review the business strategy, to meet these challenges.

Unemployment in the UK is at record low levels of 3.8% which has greatly impacted the business' ability to recruit. The business has implemented three wage increases over the past 18 months to ensure that it remains competitive in the marketplace. Despite strong sales, the shortage of labour has substantially impacted the business' ability to meet customer demand. This challenge is forecast to continue in the short term.

Covid-19 was an unforeseen risk. The post-Covid fall out has generated significant headwinds which are likely to continue to impact on the economy in the short-medium term. The board will take all necessary actions to ensure the long-term future of the business.

### **General economic conditions**

As of June 2022, the inflation rate in the UK rose to 9.1%. This is a result of a multitude of global issues including the Russia/Ukraine war, the impact of the Covid-19 pandemic and a highly competitive job market. These factors will create significant cost pressures for the business over the next 12 months.

Economists are forecasting a global recession by the third quarter of FY2023.

The short to medium term economic outlook in the UK will be determined by the outcome of the Russia/Ukraine war, the NI protocol, inflationary pressures and availability of labour.

### **Future developments**

The indications we have from our customers is that demand will remain strong over the next 12 months, and the board are forecasting an increase in revenue in FY23. This is despite strong headwinds including: increasing inflationary pressures, labour shortages and predictions of an economic slowdown.

Despite the uncertainty, the board are confident about the medium to long-term future and will be continuing to support; key capital equipment purchases, training and improving efficiencies over the next 12 months.

# Dynamic Aerospace and Defense Limited

## Group strategic report (continued) Year ended 31 March 2022

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### Financial KPI's

The Head of Finance constantly monitors the financial performance of the business and management accounts are presented to the management team on a monthly basis. The key financial performance indicators relate to turnover, gross profit margin, net profit margin and current ratio.


**Table 1: Key Financial Performance Indicators Comparison FY2021/22 and FY2020/21**

KPI	FY2022	FY2021	Movement
Turnover	£23,162,813	£16,203,362	£6,959,451
Gross profit margin	34.91%	29.71%	5.20%
Net profit (before tax)	£1,532,382	(£101,866)	£1,634,248
Net profit margin (before tax)	6.62%	(0.63%)	7.25%
Current ratio	1.44:1	1.43:1	0.01:1

Sales have increased by 42.95% in FY2022 largely reflecting recovery from the impact Covid-19 which is also reflected by the increase in gross profit margin from 29.71% to 34.91% and net profit increases.

The business continues to maintain a healthy current ratio and is in a very strong position to fulfil its short term commitments.

This report was approved by the board on 11 August 2022 and signed on its behalf by:

  
D J Greatorex  
Director

# **Dynamic Aerospace and Defense Limited**

## **Directors' report Year ended 31 March 2022**

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

### **Results and dividends**

The profit for the year, after taxation, amounted to £904,009 (2021: loss £235,331).

Dividends totalling £200,000 (2021: £250,000) were paid during the year. The directors do not recommend the payment of a final dividend

### **Directors**

The directors who served during the year were:

D J Greatorrex  
D D Nystrom

### **Disabled employees**

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment whenever practicable in the same or an alternative position and to provide training to achieve this aim.

### **Matters covered in the strategic report**

Future developments and financial risk management objectives and policies, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by s414C(11) of the Companies Act 2006.

### **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.

### **Post balance sheet events**

There have been no significant events affecting the group since the year end.

## **Dynamic Aerospace and Defense Limited**

**Directors' report (continued)**  
**Year ended 31 March 2022**

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### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 11 August 2022 and signed on its behalf by:



**D J Greatorex**  
Director

# Dynamic Aerospace and Defense Limited

## Directors' responsibilities statement Year ended 31 March 2022

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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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.





## **Independent auditor's report to the members of Dynamic Aerospace and Defense Limited**

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### **Opinion**

We have audited the financial statements of Dynamic Aerospace and Defense Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the group statement of comprehensive income, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity 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 March 2022 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.



## **Independent auditor's report to the members of Dynamic Aerospace and Defense Limited (continued)**

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### **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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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



## **Independent auditor's report to the members of Dynamic Aerospace and Defense Limited (continued)**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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 identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We have communicated identified laws and throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.



## **Independent auditor's report to the members of Dynamic Aerospace and Defense Limited (continued)**

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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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

**Fern Rivett BA ACA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

11 August 2022

## Dynamic Aerospace and Defense Limited

### Consolidated statement of comprehensive income Year ended 31 March 2022

	Note	2022 £	2021 £
<b>Profit and loss account</b>			
Turnover	5	23,162,813	16,203,362
Cost of sales		(15,077,093)	(11,388,750)
<b>Gross profit</b>		<b>8,085,720</b>	<b>4,814,612</b>
Administrative expenses		(6,679,093)	(5,744,539)
Other operating income	6	684,477	1,504,297
<b>Operating profit</b>	7	<b>2,091,104</b>	<b>574,370</b>
Interest receivable and similar income		-	39
Interest payable and similar charges	11	(558,722)	(676,275)
<b>Profit/(loss) before tax</b>		<b>1,532,382</b>	<b>(101,866)</b>
Tax on profit/(loss)	12	(628,373)	(133,465)
<b>Profit/(loss) for the financial year</b>		<b>904,009</b>	<b>(235,331)</b>

There was no other comprehensive income for 2022 (2021: £nil).

The notes on pages 18 to 34 form part of these financial statements.

# Dynamic Aerospace and Defense Limited

## Consolidated balance sheet At 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	14	5,127,470	5,940,482
Tangible assets	15	4,511,788	4,681,928
		<u>9,639,258</u>	<u>10,622,410</u>
<b>Current assets</b>			
Stocks	17	1,876,224	1,285,298
Debtors	18	6,185,912	4,384,783
Cash at bank and in hand		576,893	931,869
		<u>8,639,029</u>	<u>6,601,950</u>
Creditors: amounts falling due within one year	19	(6,088,729)	(4,605,675)
<b>Net current assets</b>		<u>2,550,300</u>	<u>1,996,275</u>
<b>Total assets less current liabilities</b>		<u>12,189,558</u>	<u>12,618,685</u>
Creditors: amounts falling due after more than one year	20	(6,974,000)	(8,179,508)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(815,170)	(583,257)
Government grants	24	(170,038)	(329,579)
<b>Net assets</b>		<u>4,230,350</u>	<u>3,526,341</u>
<b>Capital and reserves</b>			
Called up share capital	25	4,297,601	4,297,601
Profit and loss account	25	(67,251)	(771,260)
<b>Total equity</b>		<u>4,230,350</u>	<u>3,526,341</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 August 2022.



**D J Greatorex**  
Director

Company registered number: 10220664

The notes on pages 18 to 34 form part of these financial statements.

# Dynamic Aerospace and Defense Limited

## Company balance sheet At 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	16	14,445,645	14,445,645
		<u>14,445,645</u>	<u>14,445,645</u>
<b>Current assets</b>			
Debtors	18	444,845	473,762
Cash at bank and in hand		7,352	26,034
		<u>452,197</u>	<u>499,796</u>
Creditors: amounts falling due within one year	19	(1,281,478)	(1,368,081)
<b>Net current liabilities</b>		<u>(829,281)</u>	<u>(868,285)</u>
<b>Total assets less current liabilities</b>		<u>13,616,364</u>	<u>13,577,360</u>
Creditors: amounts falling due after more than one year	20	(6,428,366)	(7,459,961)
<b>Net assets</b>		<u><u>7,187,998</u></u>	<u><u>6,117,399</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	4,297,601	4,297,601
Profit and loss account	25	2,890,397	1,819,798
<b>Total equity</b>		<u><u>7,187,998</u></u>	<u><u>6,117,399</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 August 2022.

  
D J Greatorex  
Director

Company registered number: 10220664

The notes on pages 18 to 34 form part of these financial statements.

## Dynamic Aerospace and Defense Limited

### Consolidated statement of changes in equity Year ended 31 March 2022

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2020</b>	<b>4,297,601</b>	<b>(285,929)</b>	<b>4,011,672</b>
Profit for the year	-	(235,331)	(235,331)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(235,331)</b>	<b>(235,331)</b>
Dividends	-	(250,000)	(250,000)
<b>At 1 April 2021</b>	<b>4,297,601</b>	<b>(771,260)</b>	<b>3,526,341</b>
Profit for the year	-	904,009	904,009
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>904,009</b>	<b>904,009</b>
Dividends	-	(200,000)	(200,000)
<b>At 31 March 2022</b>	<b>4,297,601</b>	<b>(67,251)</b>	<b>4,230,350</b>

The notes on pages 18 to 34 form part of these financial statements.



## Dynamic Aerospace and Defense Limited

### Company statement of changes in equity Year ended 31 March 2022

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2020</b>	<b>4,297,601</b>	<b>1,204,383</b>	<b>5,501,984</b>
Profit for the period	-	865,415	865,415
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>865,415</b>	<b>865,415</b>
Dividends	-	(250,000)	(250,000)
<b>At 1 April 2021</b>	<b>4,297,601</b>	<b>1,819,798</b>	<b>6,117,399</b>
Profit for the year	-	1,270,599	1,270,599
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,270,599</b>	<b>1,270,599</b>
Dividends	-	(200,000)	(200,000)
<b>At 31 March 2022</b>	<b>4,297,601</b>	<b>2,890,397</b>	<b>7,187,998</b>

The notes on pages 18 to 34 form part of these financial statements.

## Dynamic Aerospace and Defense Limited

### Consolidated statement of cash flows Year ended 31 March 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	904,009	(235,331)
<b>Adjustments for:</b>		
Amortisation of intangible assets	813,012	813,013
Depreciation of tangible assets	729,052	657,593
Loss/(profit) on disposal of tangible assets	4,689	(25,077)
Amortisation of government grants	(99,241)	(99,241)
Interest paid	558,722	676,275
Interest received	-	(39)
Taxation charge	628,373	133,465
Increase in stocks	(590,926)	(33,273)
(Increase)/decrease in debtors	(1,801,129)	149,560
Increase in creditors	1,172,198	355,369
Corporation tax paid	(11,612)	(48,433)
<b>Net cash generated from operating activities</b>	<b>2,307,147</b>	<b>2,343,881</b>
<b>Cash flows from investing activities</b>		
Outflow on purchase of tangible fixed assets	(497,337)	(136,398)
Proceeds from sale of tangible fixed assets	38,460	49,000
Interest received	-	39
HP interest paid	(30,767)	(12,507)
<b>Net cash from investing activities</b>	<b>(489,644)</b>	<b>(99,866)</b>

## Dynamic Aerospace and Defense Limited

### Consolidated statement of cash flows (continued) Year ended 31 March 2022

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Repayment of loans	(8,985,945)	(776,358)
New bank loans	8,000,000	-
Repayment of finance leases	(393,456)	(165,376)
Dividends paid	(200,000)	(250,000)
Interest paid	(632,018)	(648,402)
New government grants	38,940	-
<b>Net cash used in financing activities</b>	<b>(2,172,479)</b>	<b>(1,840,136)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(354,976)</b>	<b>403,879</b>
Cash and cash equivalents at beginning of year	931,869	527,990
<b>Cash and cash equivalents at the end of year</b>	<b>576,893</b>	<b>931,869</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	576,893	931,869

The notes on pages 18 to 34 form part of these financial statements.

## Dynamic Aerospace and Defense Limited

### Consolidated analysis of net debt Year ended 31 March 2022

	At 1 April 2021 £	Cash flows £	New finance leases £	Other non- cash changes £	At 31 March 2022 £
Cash at bank and in hand	931,869	(354,976)	-	-	576,893
Debt due after 1 year	(7,459,961)	1,097,693	-	(66,098)	(6,428,366)
Debt due within 1 year	(979,886)	80,887	-	(22,474)	(921,473)
Finance leases	(1,084,570)	393,456	(104,724)	-	(795,838)
	<u>(8,592,548)</u>	<u>1,217,060</u>	<u>(104,724)</u>	<u>(88,572)</u>	<u>(7,568,784)</u>

The notes on pages 18 to 34 form part of these financial statements.

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

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### 1. General information

Dynamic Aerospace and Defense Limited ('the company') is a private company limited by shares, incorporated in the United Kingdom and registered in England. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and principal activities are disclosed in the strategic report.

### 2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'* ('FRS 102') and the Companies Act 2006.

### 3. Accounting policies

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 periods presented, unless otherwise stated.

#### 3.1 Basis of preparation

These financial statements comprise the consolidated (group) financial statements and the company's separate financial statements. However, as permitted by section 408 of the Companies Act 2006, the separate profit and loss account of the company is not presented.

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest £.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### 3.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full and, where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes. Where control of a subsidiary is achieved in stages, the initial acquisition that gives the group control is accounted for as a business combination. Thereafter where the group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any differences between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

Business combinations are accounted for under the purchase method, under which the acquiree's identifiable assets (including intangible assets), liabilities and contingent liabilities are recognised initially in the consolidated balance sheet at fair value.

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

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### 3. Accounting policies (continued)

#### 3.3 Going concern

The group meets its working capital requirements through its operating cash flows. The directors have prepared financial forecasts which indicate that the group will maintain sufficient financial headroom and cash reserves to enable it to continue meeting its liabilities as they fall due in the normal course of business, for at least the next twelve months following approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

#### 3.4 Revenue recognition

##### *Turnover*

Turnover comprises revenue recognised in respect of goods supplied during the year, net of discounts and excluding Value Added Tax. Turnover is recognised when the significant risks and rewards of ownership have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Government grants*

Government grants are recognised on the accruals basis. Grants relating to assets are recognised in the statement of comprehensive income over the expected life of the asset. Other grants are recognised in the statement of comprehensive income over the period in which the related costs are recognised. Grant monies received but deferred to future periods are included on the balance sheet within creditors.

##### *Interest income*

Interest income is recognised on an accruals basis.

#### 3.5 Employee benefits

##### *Short-term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

##### *Defined contribution pension plan*

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

#### 3.6 Foreign currency translation

The company's functional currency is the pound sterling. Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. All foreign exchange gains and losses are recognised in the statement of comprehensive income.

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

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### 3. Accounting policies (continued)

#### 3.7 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the statement of comprehensive income.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

#### 3.8 Dividends

Dividends and other distributions to the company's equity shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### 3.9 Intangible fixed assets and amortisation

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on computer software so as to write off the cost of the assets over an estimated useful life of 10 years. Assets are not amortised until they are ready for use.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase of a business over the fair value of the identifiable net assets, liabilities and contingent liabilities.

Amortisation is provided on goodwill so as to write off the cost of the assets over an estimated useful life of 10 years.

Goodwill is assessed at the end of each reporting period for indicators of impairment and any impairment is charged to the profit and loss account. Useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### 3.10 Fixed asset investments

In the company balance sheet, investments in subsidiary undertakings and associates are stated at cost less accumulated impairment losses.

## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

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#### 3. Accounting policies (continued)

##### 3.11 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less their estimated residual value, over their estimated useful lives as follows:

Leasehold improvements	-	10% straight line
Plant and machinery	-	10% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	10% to 50% straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

##### 3.12 Leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term, even if payments are not made on such a basis.

##### 3.13 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances, bank loans and loans to or from related parties, including fellow group companies.

All such instruments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future receipts discounted at a market rate of interest. All financial instruments are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the statement of comprehensive income.



# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

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### 3. Accounting policies (continued)

#### 3.14 Stock

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost includes all direct costs and, for manufactured stocks and work in progress, an appropriate proportion of fixed and variable overheads (based on normal operating capacity). Cost is determined using the first-in first-out (FIFO) method. Provision is made as necessary for damaged, obsolete or slow-moving items.

#### 3.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Significant judgments in applying the entity's accounting policies*

In preparing these financial statements, the directors do not consider there to have been any significant judgments that were required in the process of applying the company's accounting policies.

#### *Key sources of estimation uncertainty*

Provision is made against debts which are not considered to be recoverable, see note 18.

Provision is made against stock when the items are considered to be slow moving. Obsolete stock is written off directly to the statement of comprehensive income, see note 17.

The group values WIP and finished goods using a method of selling price less margin. This is considered to be a key estimate due to the potential fluctuations in margin. The value of WIP and finished goods at the year end is £786,734.

The group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating unit (CGU). This requires estimation of the future cash flows from the CGU and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. In addition to this, the useful lives of fixed assets are regularly reviewed and any reduction in the length of the life would result in an impairment charge to the statement of comprehensive income and a reduction in the carrying value of the asset, see note 15.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed regularly. They are amended when necessary to reflect current estimates, future investments, economic utilisation and the physical condition of the assets, see note 15.

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

### 5. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	23,033,938	16,085,187
Rest of Europe	124,960	98,067
Rest of the world	3,915	20,108
	<u>23,162,813</u>	<u>16,203,362</u>

### 6. Other operating income

	2022 £	2021 £
Other operating income	684,477	342,284
Government grants receivable	-	1,162,013
	<u>684,477</u>	<u>1,504,297</u>

### 7. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	729,052	657,592
Impairment of stock (net of reversals) (included within cost of sales)	4,533	6,651
Amortisation of government grants	(99,241)	(99,240)
Operating lease rentals	403,399	383,153
(Gain)/loss on foreign exchange	(8,363)	2,212
Amortisation of intangible fixed assets (included within administrative expenses)	813,012	812,013
Loss/(gain) on disposal of fixed assets	4,689	(25,077)
Redundancy costs	-	213,976
	<u></u>	<u></u>

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

### 8. Auditor's remuneration

	2022 £	2021 £
<b>Auditor's remuneration:</b>		
- The audit of these financial statements	1,200	1,000
- The audit of financial statements of subsidiaries of the company	11,100	9,500
	<u>12,300</u>	<u>10,500</u>

### 9. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	7,588,370	7,086,443	-	-
Social security costs	724,150	642,416	-	-
Cost of defined contribution pension scheme	292,530	264,296	-	-
	<u>8,605,050</u>	<u>7,993,155</u>	<u>-</u>	<u>-</u>

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

	2022 No.	2021 No.
Production	190	192
Administrative	48	50
	<u>238</u>	<u>242</u>

The parent company has no employees other than the directors, who did not receive any remuneration (2021: £nil).

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

### 10. Directors' remuneration

	2022 £	2021 £
Directors salaries	402,541	402,559

The highest paid director received remuneration of £232,008 (2021: £234,008).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021 - £nil).

### 11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	527,955	663,768
Finance leases and hire purchase contracts	30,767	12,507
	558,722	676,275

### 12. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the period	397,802	38,000
Adjustments in respect of previous periods	(1,342)	(3,426)
<b>Total current tax</b>	396,460	34,574
<b>Deferred tax</b>		
Origination and reversal of timing differences	36,272	98,891
Adjustment in respect of previous periods	195,641	-
<b>Total deferred tax</b>	231,913	98,891
<b>Taxation on loss on ordinary activities</b>	628,373	133,465

## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

#### 12. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	1,532,382	(101,866)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	291,153	(19,358)
Effects of:		
Expenses not deductible for tax purposes	6,966	156,249
Non taxable deduction of goodwill	154,315	-
Adjustments to tax charge in respect of prior periods	(1,342)	(3,426)
Non-taxable income	(16,407)	-
Tax rate changes	195,641	-
Benefits of super deduction	(1,952)	-
Roundings	(1)	-
<b>Total tax charge for the year</b>	<b>628,373</b>	<b>133,465</b>

##### Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of corporation tax would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and reflected in these financial statements

The net amount of deferred tax assets and liabilities that are expected to increase within one year of the balance sheet date is £375,000 (2021: £114,000). This figure takes account of both the reversal of existing timing differences and the origination of new ones.

#### 13. Dividends

	2022 £	2021 £
Dividends paid on ordinary shares	200,000	250,000

## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

#### 14. Intangible assets

##### Group

	Computer software £	Goodwill £	Total £
<b>Cost</b>			
At 1 April 2021 and 31 March 2022	107,337	8,121,831	8,229,168
<b>Amortisation</b>			
At 1 April 2021	1,037	2,287,649	2,288,686
Charge for the year	829	812,183	813,012
At 31 March 2022	1,866	3,099,832	3,101,698
<b>Net book value</b>			
At 31 March 2022	105,471	5,021,999	5,127,470
At 31 March 2021	106,300	5,834,182	5,940,482

## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

#### 15. Tangible fixed assets

##### Group

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 April 2021	140,027	5,997,508	106,506	57,533	6,301,574
Additions	-	598,326	-	3,735	602,061
Disposals	-	(459,384)	(24,245)	-	(483,629)
At 31 March 2022	140,027	6,136,450	82,261	61,268	6,420,006
<b>Depreciation</b>					
At 1 April 2021	45,337	1,518,455	46,314	9,540	1,619,646
Charge for the year	15,351	693,621	18,231	1,849	729,052
Disposals	-	(417,235)	(23,245)	-	(440,480)
At 31 March 2022	60,688	1,794,841	41,300	11,389	1,908,218
<b>Net book value</b>					
At 31 March 2022	79,339	4,341,609	40,961	49,879	4,511,788
At 31 March 2021	94,690	4,479,053	60,192	47,993	4,681,928

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	1,058,135	1,904,057

## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

#### 16. Fixed asset investments

##### Company

Investments  
in subsidiary  
companies  
£

##### Cost

At 1 April 2021 and 31 March 2022

**14,445,645**

##### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Hydram Engineering Limited	Avenue One, Chilton Industrial Estate, Ferryhill, County Durham, DL17 0SG	Engineering	Ordinary	100%

#### 17. Stocks

	Group 2022 £	Group 2021 £
Raw materials	1,089,490	690,013
Work in progress	552,084	347,645
Finished goods and goods for resale	234,650	247,640
	<b>1,876,224</b>	<b>1,285,298</b>

Stocks are stated after provisions for impairment of £40,659 (2021: £47,870).



## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

#### 18. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	5,573,111	3,731,249	-	-
Other debtors	445,939	475,380	444,845	473,762
Prepayments and accrued income	166,862	178,154	-	-
	<u>6,185,912</u>	<u>4,384,783</u>	<u>444,845</u>	<u>473,762</u>

Trade debtors are stated after provisions of £nil (2021: £nil). The impairment charge for the year, included within administrative expenses totalled £nil (2021: £nil).

#### 19. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans (note 21)	921,473	979,886	921,473	979,886
Trade creditors	2,946,007	1,792,803	13,699	-
Amounts owed to group undertakings	-	-	346,306	213,195
Corporation tax	397,802	12,954	-	-
Other taxation and social security	957,150	1,007,607	-	-
Obligations under finance lease and hire purchase contracts (note 22)	250,204	365,023	-	-
Other creditors	-	350	-	-
Accruals and deferred income	616,093	447,052	-	175,000
	<u>6,088,729</u>	<u>4,605,675</u>	<u>1,281,478</u>	<u>1,368,081</u>

#### 20. Creditors: amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans (note 21)	6,428,366	7,459,961	6,428,366	7,459,961
Net obligations under finance leases and hire purchase contracts (note 22)	545,634	719,547	-	-
	<u>6,974,000</u>	<u>8,179,508</u>	<u>6,428,366</u>	<u>7,459,961</u>

## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

#### 21. Loans

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Amounts falling due within one year</b>				
Bank loans	921,473	979,886	921,473	979,886
<b>Amounts falling due 2-5 years</b>				
Bank loans	6,428,366	7,459,961	6,428,366	7,459,961
	<u>7,349,839</u>	<u>8,439,847</u>	<u>7,349,839</u>	<u>8,439,847</u>

During the year the loans were repaid in full and replaced by a new facility with Clydesdale Bank. The loans are secured over fixed and floating charges over the assets of the group.

#### 22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	Group 2021 £
Within one year	264,379	394,198
Between 1-5 years	560,906	747,221
Less: future finance charges	(29,447)	(56,849)
	<u>795,838</u>	<u>1,084,570</u>

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

### 23. Deferred taxation

#### Group

	2022 £
At beginning of year	583,257
Charged to the profit and loss account	231,913
<b>At end of year</b>	<b>815,170</b>

The provision for deferred taxation is made up as follows:

	Group 2022 £	Group 2021 £
Accelerated capital allowances	823,670	586,572
Short term timing differences	(8,500)	(3,315)
	<b>815,170</b>	<b>583,257</b>

### 24. Government grants

	Group 2022 £	Group 2021 £
Deferred government grants	(170,038)	(329,579)

The deferred government grants are due after more than one year.

### 25. Share capital and other reserves

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
4,275,100 (2021: 4,275,100) Ordinary shares of £1.00 each	4,275,100	4,275,100
225,006 (2021: 225,006) Ordinary A2 shares of £0.10 each	22,501	22,501
	<b>4,297,601</b>	<b>4,297,601</b>

# Dynamic Aerospace and Defense Limited

## Notes to the financial statements Year ended 31 March 2022

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### 25. Share capital and other reserves (continued)

Ordinary shares and Ordinary A2 shares rank pari passu in all respects.

The profit and loss reserves represents cumulative profits and losses, net of dividends paid and other adjustments.

### 26. Capital commitments

At 31 March 2022 the group had capital commitments as follows:

	Group 2022 £	Group 2021 £
Contracted for but not provided in these financial statements	<b>787,888</b>	<b>118,520</b>

### 27. Pension commitments

The group makes contributions to personal pension schemes on behalf of certain employees. The pension charge for the period represents contributions payable by the group to the schemes and amounted to £292,530 (2021: £264,296).

Contributions amounting to £21,665 (2021: £17,450) were payable to the schemes at the period end and are included within creditors.

### 28. Commitments under operating leases

At 31 March 2022 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	<b>408,527</b>	<b>394,854</b>
Later than 1 year and not later than 5 years	<b>1,029,914</b>	<b>1,401,682</b>
	<b>1,438,441</b>	<b>1,796,536</b>

## Dynamic Aerospace and Defense Limited

### Notes to the financial statements Year ended 31 March 2022

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#### 29. Related party transactions

##### Company

Other debtors include an amount of £442,562 (2021: £472,562) owed by Dynamic Metals LLC, a company in which a director is a shareholder.

A management charge of £90,000 (2021: £nil) was paid to Integrated Transparent Systems LLC, a company in which a director is a shareholder, in relation to management services provided during the year.

##### Group

During the period the group made purchases of £180,093 (2021: £186,552) from Dynamic Metals LLC, a company in which a director is a shareholder.

A management charge of £440,000 (2021: £nil) was paid by the group to Integrated Transparent Systems LLC, a company in which a director is a shareholder, in relation to management services provided during the year.

Trade debtors include an amount of £59,109 (2021: £31,216) owed by Dynamic Aerospace Fabrications Limited, a company in which the directors are shareholders and trade creditors include an amount of £37,709 (2021: £nil) owed to Dynamic Aerospace Fabrications Limited. Purchases made from Dynamic Aerospace Fabrications Limited totalled £33,362 (2021: £nil). Recharges made to Dynamic Aerospace Fabrications Limited for expenses incurred amounted to £373,033 (2021: £203,540). These recharges include payroll costs of £333,000 (2021: £184,000) recharged to Dynamic Aerospace Fabrication Limited in relation to directors services and thus reduces the amount disclosed at note 10 as well as £27,000 (2021: £16,000) in relation to other staff costs. Other debtors includes amounts still to be recharged of £1,094 (2021: £1,618).

Dividends totalling £200,000 (2021: £250,000) were paid to the directors and shareholders of the company.

#### 30. Controlling party

The ultimate controlling party is D Nystrom, by virtue of his majority shareholding.