Nord Aerospace Holdings Limited

Registered number: 13070687

Annual report and consolidated financial statements

For the year ended 31 March 2023

COMPANY INFORMATION

Directors	D R Brol M P Rossiter A H Teeger
Registered number	13070687
Registered office	Ariel House 1st Floor 74a Charlotte Street London W1T 4QJ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE
Bankers	HSBC UK 2nd Floor Landmark St. Peter's Square Manchester M1 4PB

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their Strategic Report on the Group for the year ended 31 March 2023.

Principal Activities

The principal activity of the Company is that of a holding company and ultimate parent undertaking of the Group.

The principal activities of the Group are the manufacture of composite components and the manufacture, assembly and surface treatment of metallic components and sub-assemblies for the Aerospace industry.

Business review

At the reporting date, the Group's sole trading subsidiary is Brookhouse Aerospace Limited which offers the latest high-quality manufacturing capabilities to the Aerospace and associated industries.

Our Strategic goals for the Group are built upon the objectives of: (i) differentiating our value proposition, by utilising a wide set of capabilities inclusive of design and process expertise, to develop a single-point manufacturing and supply solution for our customers; (ii) increasing scale by investment in new capabilities and competencies; (iii) diversifying our customer portfolio across multiple end markets; and (iv) developing our people and infrastructure.

In order to achieve these objectives, we focus our efforts on improving the balance between commercial and defence programme content and customers, while also leveraging our broad capabilities to develop and expand other market positions.

The Group aims to offer a complete service solution with full engineering support from concept to serial production delivery of detailed parts; Metallic, Composites, Sub-Assembly or Assembly. We also offer a dedicated repair and spares capability. The Company is a major supplier to leading aerospace manufacturing companies, with supply positions on many key aircraft programmes. Our strengths are the impressive collective capability that we have to offer, together with a highly skilled and motivated workforce. These two assets have been carefully integrated to achieve optimum performance and outstanding value for money for our customers.

In-house facilities consist of six Computer-Controlled Autoclaves, 'A & C' Scan NDT and Mechanical Testing Equipment, three Extensive Cleanrooms with controlled environment, Aerospace Grade 3D Printing, CAD Systems operating on Industry Standard Software, Vacuum Forming Machines, Monolithic Kit Cutting and Nesting and numerous manufacturing processes such as Laminating, Machining, Acrylic Forming Thermal and Acoustic Insulation, Detail Fitting and Paint Finishing.

The Group also offers an extensive metallic components manufacturing capability, including machining, fabrication, welding, press forming, dye penetrant NDT, fully automated metal surface treatments and extensive paint booth capabilities.

The Group is emerging well from the effects of COVID-19 on the global aerospace industry and its associated supply chain, although top line revenues on Civil platforms remain down on periods prior to the pandemic. This was largely due to supply chain constraints which impacted half one financial performance. Margin deterioration was experienced through the first six months of the year due to lower revenue volumes. Post pandemic, material lead times for mandated Composite materials have extended to 32 weeks in some instances, whilst minimum order quantities have also increased for these lifed, time and temperature sensitive materials. Half two results reflect the continued recovery of the Civil Aerospace market on both single aisle and long-range variants and growth in business aviation.

In line with its strategic plan, the Group continued to invest in its workforce during the year, implementing a skilled based salary framework and a change to working patterns. Whilst average headcount for the year was 160, by the year end, the Company had increased headcount from 150 to 170 to meet the increased demand.

The Group continued to grow its sales order backlog, with an annual increase of 35% at 31 March 2022. During half two, the Group signed two large contracts, one of which secures long term supply until 2031. The Group also successfully re-negotiated commercial terms with a number of customers, in light of the unavoidable cost increases faced. The Group also appointed an experienced Business Development Director during the second half of the year, which further strengthens and supports the delivery of its strategic growth plans.

The Directors believe the Group is well placed at the forefront of the aviation and aerospace market recovery, with a restructured cost base to offset inflationary cost pressures, where possible, and investment commitments made on the development of automation to increase competitiveness. While the material supply chain struggled to meet the demands of the market in the past 12 months, lead times are softening and material availability continues to increase. The Group has been proactive where possible to the increased cost pressures, following the significant increase in energy costs and the associated reverberations across all industries. Recent aerospace industry reports and publications, present an encouraging rapid recovery in the sector, which is further supported by the published build rates of the OEMs, presenting continued year on year ramp up through 2025.

Following a successful second half of the financial year, which has continued into the next financial year, the Directors are satisfied the Group is on track to increase profitability and deliver on its financial plans.

Principal risks and uncertainties

The Group operates in a changing economic and technological environment that presents risks, many of which are driven by factors that we cannot control or predict. The key risks and uncertainties facing the Group are:

- Economic, political and market conditions, and in particular acts of terrorism affecting the aerospace markets.

- As a result of changes in the competitive landscape we may have to change our pricing models to compete successfully on future programmes.

- On 1 January 2021 the UK formally left the EU. The Group continues to monitor export and import regulations which could have an impact on the Group.

- COVID-19 has heavily impacted the commercial aerospace sector, one of the Group's operating markets. The directors continue to monitor the impact of COVID-19 on international and domestic air travel and subsequently commercial aircraft build rates. It is our view that it may take several years for the commercial aerospace sector to recover to pre-COVID levels.

Financial risk management

The Group's principal financial instruments comprise of cash and cash equivalents and related party balances. Other financial assets and liabilities such as trade debtors and trade creditors arise directly from the Group's operating activities. The main purpose of these financial assets and liabilities is to provide finance for the Group's on-going operations.

The main risk associated with the Group's financial assets and liabilities are cash flow and liquidity risk, credit risk and currency risk as summarised below.

Credit risk

The Groups policy is to require assessments of customers credit worthiness prior to their being accepted as a credit customer. Payment histories are monitored on a continuous basis to mitigate credit risk. The directors set limits for customers based on a combination of payment history and third-party references.

Cash flow and liquidity risk

The Group's finances are monitored by the directors on an ongoing basis. The directors assess the Group's cash requirements by assessing short-term and long term forecasts.

Currency risk

The Group does not enter into formal hedging arrangements or utilise other financial instruments to manage currency risk. The Group operates a natural hedging policy reviewing forecasted foreign cash inflows and outflows. A number of customer contracts contain currency risk provisions to also mitigate this risk.

Impact of crisis in Ukraine

On the 24 February 2022 Russian Forces entered Ukraine, resulting in reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential consequences of the war and economic consequences, including sanctions, on the business and concluded that the greatest impact on the business is potentially expected from the general slow down of the general economy. The Group's going concern assessment took into consideration identified risks.

Financial key performance indicators

	Year to 31 March 2023	Year to 31 March 2023 excluding exceptional items	16 month period to 31 March 2022	16 month period to 31 March 2022 excluding exceptional items
Turnover	15.2m	15.2m	£20.3m	£20.3m
Gross margin	1.1m	1.1m	£3.1m	£3.1m
Gross margin %	7.6%	7.6%	15.3%	15.3%
Selling, general & admin expenses	2.7m	2.2m	£2.8m	£2.7m
EBITDA	(1.1m)	(0.6m)	£5.3m	£2.2m
Operating (loss)/profit	(1.6m)	(1.1m)	£4.7m	£1.6m
Net assets	3.0m	3.0m	£4.8m	£4.8m
Cash & Cash equivalents	0.1m	0.1m	£0.4m	£0.4m
Full time equivalents (Employees)	160	160	171	171

Corporate Governance and business conduct

The Board is committed to ensuring that a strong governance framework operates throughout the Group and recognises that good governance is a vital component to support management in the delivery of the Groups strategic objectives.

As such, the Board has implemented an approach which the Directors consider appropriate with regard to the Group's size and activities. The process of developing and implementing high standards of corporate governance suitable for the Group is ongoing and dynamic to reflect changes in the Group and its business.

This report was approved by the board on 15 December 2023 and signed on its behalf.

M P Rossiter
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

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

Results and dividends

The loss for the year, after taxation, amounted to £1,778,000 (2022 - profit £4,751,000).

Directors

The directors who served during the year were:

D R Brol
C J Morris (resigned 31 October 2022)
M P Rossiter
A H Teeger

Kenneth Worth acted as chairman during the period.

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group continues to meet its day-to-day working capital requirements using its current resources and external lines of credit. The Group's forecasts and projections, taking into account reasonably possible changes in the civil aerospace market, show that the Group will be able to operate within the levels of its cash resources and limits on arranged facilities. The recovery of the civil aerospace market post the COVID-19 pandemic is still underway, however industry reports and published aircraft build rates, demonstrate the ambition of the OEMs to recover the market quickly. Confidence in air travel and relaxing of international travel restrictions has boosted the civil aerospace sector. The Group is well positioned at the forefront of the civil sector recovery, which is evident in a significant increase in pipeline opportunities across a number of civil platforms over the last 12 months.

As a result, the directors are satisfied the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. The Group therefore, continues to adopt the going concern basis in preparing its financial statements.

Future developments

In the future the Group will continue to differentiate the value proposition and leverage business capabilities both organically and acquisitively, to provide customers with a single source for a broad array of products and services. Whilst actively seeking to develop market position across other sectors outside of Aerospace.

Matters covered in the Group Strategic Report

Certain information not shown in the Directors' Report is shown in the Strategic Report on pages 1-5 instead in accordance with Section 414C(11) of the Companies Act 2006. This includes a business review, future developments and principal risks and uncertainties.

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

Auditor

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

This report was approved by the board on 15 December 2023 and signed on its behalf.

M P Rossiter
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORD AEROSPACE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Nord Aerospace Holdings Limited (the 'Parent Company') and it's subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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, including FRS 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 the Parent Company's affairs as at 31 March 2023 and of the Group's 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's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the Parent 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 Group's and 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.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial period 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 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 NORD AEROSPACE HOLDINGS LIMITED

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 and 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 the financial statements.

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

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.

Based on our understanding of the Group and the Parent Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and Parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the Parent Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORD AEROSPACE HOLDINGS LIMITED

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

Christopher Martin (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St. Peter's Square
Manchester
M2 3DE

15 December 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	31 March 2023 £000	16 month period ended 31 March 2022 £000
Turnover	4	15,180	20,285
Cost of sales		(14,032)	(17,219)
Gross profit		1,148	3,066
Administrative expenses (including exceptional items of £502,000 (2022: £114,000)) - see note 7		(2,738)	(2,797)
Other operating income (including exceptional items of £Nil (2022: £3,331,000) - see note 7	5	-	4,450
Operating (loss)/profit	6	(1,590)	4,719
Interest receivable and similar income		-	-
Interest payable and similar expenses	11	(154)	(2)
(Loss)/profit before taxation		(1,744)	4,717
Tax on (loss)/profit	12	(34)	34
(Loss)/profit for the financial year		(1,778)	4,751

There were no recognised gains and losses for 2023 or the 16 month period ended 31 March 2022 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2023 or the 16 month period ended 31 March 2022.

The notes on pages 18 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note		2023 £000		2022 £000
Fixed assets					
Intangible assets	13		278		340
Negative goodwill	13		(614)		(809)
Tangible assets	14		2,895		3,463
			2,559		2,994
Current assets					
Stocks	16	2,831		2,634	
Debtors: amounts falling due within one year	17	5,965		5,220	
Cash at bank and in hand	18	138		434	
		8,934		8,288	
Creditors: amounts falling due within one year	19	(8,104)		(6,330)	
Net current assets			830		1,958
Total assets less current liabilities			3,389		4,952
Provisions for liabilities					
Other provisions	20	(410)		(196)	
Net assets			2,979		4,756
Capital and reserves					
Called up share capital	21		1		1
Share premium account	22		5		4
Capital redemption reserve	22		-		-
Profit and loss account	22		2,973		4,751
			2,979		4,756

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2023.

M P Rossiter
Director

The notes on pages 18 to 37 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note		2023 £000		2022 £000
Investments	15		-		-
			-		-
Current assets					
Debtors: amounts falling due within one year	17	1		-	
Cash at bank and in hand	18	3		24	
		4		24	
Creditors: amounts falling due within one year	19	(23)		(29)	
Net current liabilities			(19)		(5)
Total assets less current liabilities			(19)		(5)
Net liabilities			(19)		(5)
Capital and reserves					
Called up share capital	21		1		1
Share premium account	22		5		4
Capital redemption reserve	22		-		-
Profit and loss account	22		(25)		(10)
			(19)		(5)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Company for the year was £15,000 (prior period: £10,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2023.

M P Rossiter
Director

The notes on pages 18 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Comprehensive income for the period				
Profit for the period	-	-	4,751	4,751
Total comprehensive income for the period	-	-	4,751	4,751
Shares issued during the period	1	4	-	5
Total transactions with owners	1	4	-	5
At 1 April 2022	1	4	4,751	4,756
Comprehensive income for the year				
Loss for the year	-	-	(1,778)	(1,778)
Total comprehensive income for the year	-	-	(1,778)	(1,778)
Purchase of own shares	-	-	-	-
Shares issued during the year	-	1	-	1
Total transactions with owners	-	1	-	1
At 31 March 2023	1	5	2,973	2,979

The notes on pages 18 to 37 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Comprehensive income for the period				
Loss for the period	-	-	(10)	(10)
Total comprehensive income for the period	-	-	(10)	(10)
Contributions by and distributions to owners				
Shares issued during the period	1	4	-	5
Total transactions with owners	1	4	-	5
At 1 April 2022	1	4	(10)	(5)
Comprehensive income for the period				
Loss for the year	-	-	(15)	(15)
Total comprehensive income for the year	-	-	(15)	(15)
Contributions by and distributions to owners				
Purchase of own shares	-	-	-	-
Shares issued during the year	-	1	-	1
At 31 March 2023	1	5	(25)	(19)

The notes on pages 18 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,778)	4,751
Adjustments for:		
Amortisation of intangible assets	77	55
Negative goodwill release	(195)	(857)
Loss on disposal of tangible assets	245	-
Depreciation of tangible assets	588	573
Interest paid	154	2
Taxation charge	34	(34)
(Increase)/decrease in stocks	(196)	890
Increase in debtors	(781)	(1,116)
Increase in provisions	214	-
Increase/(decrease) in creditors	1,580	(2,959)
Net cash generated from operating activities	(58)	1,305
Cash flows from investing activities		
Purchase of intangible fixed assets	(14)	(129)
Negative goodwill on acquisition of subsidiary	-	1,666
Sale of tangible fixed assets	(66)	-
Purchase of tangible fixed assets	(199)	(829)
HP interest paid	(21)	-
Purchase of subsidiary	-	(3,474)
Net cash from investing activities	(300)	(2,766)

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £000	2022 £000
Cash flows from financing activities		
Issue of ordinary shares	1	5
Other new loans	279	2,250
Repayment of loans	-	(500)
New finance leases	-	213
Repayment of finance leases	(85)	(71)
Interest paid	(133)	(2)
Net cash used in financing activities	62	1,895
Net (decrease)/increase in cash and cash equivalents	(296)	434
Cash and cash equivalents at beginning of year	434	-
Cash and cash equivalents at the end of year	138	434
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	138	434
	138	434

The notes on pages 18 to 37 form part of these financial statements.

1. General information

Nord Aerospace Holdings Limited ("the Company") is a private limited company, limited by shares, registered number 13070687, registered in England and Wales. The address of its registered office and principal place of business is Ariel House 1st Floor, 74a Charlotte Street, London, United Kingdom, W1T 4QJ.

These financial statements are for a 12 month period to 31 March 2023 and the prior year is for the 16 month period to 31 March 2022. Therefore, the comparative information is not directly comparable.

The principal activity of Nord Aerospace Holdings Limited is that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 The financial reporting standard 102 - reduced disclosure exemptions

The Parent Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group continues to meet its day-to-day working capital requirements using its current resources and external lines of credit. The Group's forecasts and projections, taking into account reasonably possible changes in the civil aerospace market, show that the Group will be able to operate within the levels of its cash resources and limits on arranged facilities. The recovery of the civil aerospace market post the COVID-19 pandemic is still underway, however industry reports and published aircraft build rates, demonstrate the ambition of the OEMs to recover the market quickly. Confidence in air travel and relaxing of international travel restrictions has boosted the civil aerospace sector. The Group is well positioned at the forefront of the civil sector recovery, which is evident in a significant increase in pipeline opportunities across a number of civil platforms over the last 12 months.

As a result, the directors are satisfied the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. The Group therefore, continues to adopt the going concern basis in preparing its financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest £1,000.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Government grants

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the Company used the furlough scheme. The income from the furlough scheme has been recognised within 'Other operating income'. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received. The accrued element of grants is included in debtors as accrued income.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Negative goodwill, up to the fair value of non-monetary assets acquired is recognised in the Statement of Comprehensive Income in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the Statement of Comprehensive Income in the periods expected to be benefited.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their useful economic lives which is estimated to be 7 years for computer software.

All other intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.15 Tangible fixed assets

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

Tangible fixed assets under the revaluation model are assessed for their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Categories included under the revaluation model within these financial statements are plant and machinery and assets under construction.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Plant and machinery	-	5 - 10%
Fixtures and fittings	-	10%
Computer equipment (included within plant and machinery)	-	33%

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

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

Assets under construction are not depreciated until they are completed.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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

In the application of the Group's accounting policies, which are described in note 2 above, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic experience and other factors considered to be relevant. Actual results may differ from these estimates.

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

i) Useful economic lives of properties, plant and equipment

The annual depreciation charges for property, plant and equipment is sensitive to changes in estimated useful economic lives of the assets. The useful lives of the assets are reviewed on an annual basis and amended where necessary to reflect current estimates.

ii) Stock provisioning

The Group manufactures and assembles components and sub-assemblies for the Aerospace industry. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. Management consider the nature and condition of the stock and apply assumptions around future demand when calculating the level of provisioning required.

iii) Debtor provisioning

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing recoverability, management considers factors including the credit rating of the debtor, the age profile of the receivable and historic experience.

iv) Intangible fixed assets and amortisation

Intangible fixed assets are shown at cost, net of amortisation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributed to bringing the asset to its working condition for its intended use.

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their useful economic live which is estimated to be 7 years.

v) Contract assets

Non recurring contract costs incurred to fulfil specific contracts and other related contract assets to include inventory held for specific projects, amount to £21,000 (2022: £11,000), and are measured at transaction price. The costs are amortised over the contract period, or number of shipments. Costs are reviewed for impairment in line with contract performance. Where contract assets are included in a claim, management assess the recoverability based on the facts and circumstances at the balance sheet date, which when resolved in future periods, could result in a materially different outcome.

4. Turnover

Analysis of turnover by country of destination:

	31 March 2023 £000	16 month period ended 31 March 2022 £000
United Kingdom	13,394	16,458
Rest of Europe	293	1,993
USA	1,191	1,165
Rest of the world	302	668
	15,180	20,284

5. Other operating income

	31 March 2023 £000	16 month period ended 31 March 2022 £000
Other operating income	-	4,450

Other operating income is made up of £Nil (2022: £3,331,000) exceptional income in Brookhouse Aerospace Limited in relation to a loan write off and £Nil (2022: £1,118,000) in Nord Aerospace Bidco Limited in relation to a gain on loan notes.

6. Operating (loss)/profit

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

	31 March 2023 £000	16 month period ended 31 March 2022 £000
Hire of other assets - rentals payable under operating leases	414	559
Depreciation of owned tangible fixed assets	588	573
Amortisation of owned intangible assets	77	55
Negative goodwill release	(195)	(857)
Loss on sale of assets	245	403
Exceptional items (see note 7)	(502)	(3,217)
Net foreign exchange gain	(46)	(12)

7. Exceptional items

Exceptional items incurred during the current year and prior year have been disclosed separately due to their nature and/or materiality. In the year ended 31 March 2023, net exceptional expenditure totalled £502,000 (2022: Income £3,217,000). During the year £227,000 (2022: £Nil) was recognised as an exceptional expense in the relation to restructuring expenses. During the year an intercompany payable of £Nil (2022: £3,331,000), due to a former intermediary holding company was formally waived. An IT expense of £Nil (2022: £57,000) was incurred from the former Ultimate Parent Undertaking, in the form of a transitional services agreement. This agreement ended in July 2021. Redundancy costs incurred during the year totalled £29,000 (2022: £57,000). During the year three projects were abandoned leading to fixed asset disposals of £245,000.

8. Auditor's remuneration

	31 March 2023 £000	16 month period ended 31 March 2022 £000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	51	49

Fees payable to the Group's auditor in respect of:

	31 March 2023 £000	16 month period ended 31 March 2022 £000
Taxation compliance services	12	11
All other services	10	10
	22	21

9. Employees

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

	Group 2023 £000	Group 2022 £000
Wages and salaries	5,412	5,642
Social security costs	585	534
Cost of defined contribution scheme	194	202
	6,191	6,378

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

	31 March 2023 No.	16 month period ended 31 March 2022 No.
Production	144	155
Administration	16	16
	160	171

10. Directors' remuneration

	31 March 2023 £000	16 month period ended 31 March 2022 £000
Directors' emoluments	331	331
Group contributions to defined contribution pension schemes	63	84
	394	415

During the year retirement benefits were accruing to no directors (2022 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £149,000 (2022 - £160,000).

The value of the Group's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £14,000 (2022 - £18,000).

11. Interest payable and similar expenses

	31 March 2023 £000	16 month period ended 31 March 2022 £000
Other loan interest payable	2	2
Finance leases and hire purchase contracts	21	-
Other interest payable	131	-
	154	2

12. Taxation

	31 March 2023 £000	16 month period ended 31 March 2022 £000
Current tax on profits for the year	-	(34)
Adjustments in respect of previous periods	34	-
Total current tax	34	(34)
Taxation on profit/(loss) on ordinary activities	34	(34)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	31 March 2023 £000	16 month period ended 31 March 2022 £000
(Loss)/profit on ordinary activities before tax	(1,744)	4,717
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(331)	896
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17	(156)
Fixed asset differences	(12)	(25)
Adjustment in respect of prior periods	34	-
Remeasurement of deferred tax due to changes in tax rate	(102)	(1,446)
Movement in deferred tax not recognised	426	1,299
Non-taxable income	-	(633)
Pre acquisition differences	-	31
Other permanent differences	2	-
Total tax charge for the year/period	34	(34)

12. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

Deferred tax

A deferred tax asset of £6,435,000 (2022: £6,245,000) has not been recognised in respect of current and prior year trading losses and accelerated capital allowances. Management have concluded that the company is not expected to utilise a significant amount of the tax losses in the short term.

13. Intangible assets

Group and Company

	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 April 2022	396	(1,666)	(1,270)
Additions	14	-	14
At 31 March 2023	410	(1,666)	(1,256)
Amortisation			
At 1 April 2022	55	(857)	(802)
Charge for the period	77	(195)	(118)
At 31 March 2023	132	(1,052)	(920)
Net book value			
At 31 March 2023	278	(614)	(336)
At 31 March 2022	341	(809)	(468)

14. Tangible fixed assets

Group

	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2022	3,103	613	320	4,036
Additions	10	13	176	199
Disposals	-	-	(179)	(179)
Transfers between classes	267	-	(267)	-
At 31 March 2023	3,380	626	50	4,056
Depreciation				
At 1 April 2022	429	144	-	573
Charge for the period	441	147	-	588
At 31 March 2023	870	291	-	1,161
Net book value				
At 31 March 2023	2,510	335	50	2,895
At 31 March 2022	2,674	469	320	3,463

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

	2023 £000	2022 £000
Plant and machinery	169	217
	169	217

15. Fixed asset investments

The Company had amounts of investments in subsidiary companies totalling £0.10 as at 31 March 2023 (31 March 2022: £0.10).

Nord Aerospace Bidco Limited was a 100% owned subsidiary undertaking of the company, with registered office Ariel House 1st Floor, 74a Charlotte Street, London, United Kingdom, W1T 4QJ.

Brookhouse Aerospace Limited was a 100% owned indirect subsidiary undertaking of the company, with registered office India Mill, Darwen, Lancashire, BB3 1AD.

16. Stocks

	Group 2023 £000	Group 2022 £000
Raw materials and consumables	1,864	1,707
Work in progress (goods to be sold)	764	722
Finished goods and goods for resale	203	205
	2,831	2,634

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £4,618,000 (2022: £5,454,000).

Stocks are stated after provisions for impairment of £1,691,000 (2022: £1,577,000).

17. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	5,016	4,315	-	-
Other debtors	686	623	1	-
Prepayments and accrued income	263	282	-	-
	5,965	5,220	1	-

Other debtors includes £642,000 (2022: £536,000) of non-recurring costs which are recoverable over the life of a programme or over a specified timescale.

An impairment loss of £106,000 (2022: £106,000) was recognised against trade debtors.

18. Cash and cash equivalents

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cash at bank and in hand	138	434	3	24
	138	434	3	24

19. Creditors: Amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Shareholder loans	2,050	1,771	-	21
Trade creditors	2,550	1,756	-	-
Invoice discounting	1,046	492	-	-
Amounts owed to group undertakings	-	-	11	-
Other taxation and social security	720	614	-	-
Finance leases	242	327	-	-
Accruals and deferred income	1,496	1,370	12	8
	8,104	6,330	23	29

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The finance leases are secured over the assets to which they relate.

20. Provisions

Group

	Dilapidation provision £000
At 1 April 2022	196
Charged to profit or loss	214
At 31 March 2023	410

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease. The cost is charged to the profit and loss as the obligation arises.

21. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
6,000 (2022 - 6,000) A Ordinary shares of £0.10 each	1	1
2,600 (2022 - 3,685) B Ordinary shares of £0.10 each	-	-
	1	1

On 22 November 2022 the Company purchased 2,300 of its own B Ordinary shares with a nominal value of £230, for a total consideration of £1.

On 19 January 2023 915 B Ordinary shares were issued with a nominal value of £0.1 per share, for a total consideration of £1,007. Following this on 30 March 2023 a further 300 B Ordinary shares were issued with a nominal value of £0.1 per shares, for a total consideration of £330.

Both classes of shares have the right to receive dividends and participate in a distribution based on the distribution amount and number of shares converted into deferred shares. Class A shares carry 2.7 votes per share. Class B shares carry one vote per share.

22. Reserves

Share premium account

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares which have been repurchased by the Parent Company. As at 31 March 2023 the capital redemption reserve was £230 (2022: £Nil).

Profit and loss account

The profit and loss reserve represents cumulative profits and losses made less any dividends declared.

23. Analysis of net debt

	At 1 April 2022 £000	Cash flows £000	New loans/ finance leases £000	Repayment of loans/ finance leases £000	At 31 March 2023 £000
Cash at bank and in hand	434	(296)	-	-	138
Debt due within 1 year	(2,262)	(555)	(279)	-	(3,096)
Finance leases	(327)	-	-	85	(242)
	(2,155)	(851)	(279)	85	(3,200)

24. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the year ended 31 March 2023 represents the contributions payable by the Company to the scheme and amounted to £194,000 (2022: £202,000). There were outstanding contributions at end of the financial year of £22,000 (2022: £27,000).

25. Commitments under operating leases

At 31 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	Group 2022 £000
Within one year	261	391
In two to five years	-	261
	261	652

Payments due: Other		
Within one year	21	21
In two to five years	12	31
	33	52

Securities:

An all assets debenture is secured by Close Brothers Limited by way of a fixed charge over all the non-vesting debt (current and future) of Brookhouse as well as all other debt (current and future).

26. Related party transactions

The Company has taken advantage of the exemption permitted by Section 33 'Related Party Disclosures' not to provide disclosures of transactions entered into with fellow group companies.

27. Post balance sheet events

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

28. Controlling party

The immediate and ulimate controlling party is Vaalon Capital Green Lp, a limited partnership registered number Lp021452, registered in England & Wales. The address of its registered office and principal place of business is Ariel House 1st Floor 74a, Charlotte Street, London, United Kingdom, W1T 4QJ.