

REGISTERED NUMBER: 03153600 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
AIRTECH ADVANCED MATERIALS UK LIMITED
PREVIOUSLY KNOWN AS
TYGAVAC ADVANCED MATERIALS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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**AIRTECH ADVANCED MATERIALS UK LIMITED
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:

J L Dahlgren
W.R. Dahlgren
Mrs J Carter

SECRETARY:

D P Waterkotte

REGISTERED OFFICE:

The Causeway
Broadway Business Park
Chadderton
OLDHAM
Lancashire
OL9 9XD

REGISTERED NUMBER:

03153600 (England and Wales)

AUDITORS:

Wyatt Morris Golland Ltd
Statutory Auditors
Park House
200 Drake Street
Rochdale
Lancashire
OL16 1PJ

**AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

The principal activity of the Company continues to be the manufacture and distribution of vacuum bagging materials and composite tooling materials for the composites industry.

Business sectors that we supply to include Aerospace, Wind energy, Marine, Automotive and General FRP Composites.

Still situated at Chadderton, Oldham the business also provides custom products in kit form and pre-cut to component shape to help assist savings through lean manufacturing and waste management.

2022 was a period in which the business was able to continue its recovery post-covid 19 helped by key recoveries in most market sector areas including Aerospace which is still a key area to the business. During this period Revenue increased by 31.6% on 2021.

Cost savings were still a key focus area though with increased activities including in manufacturing employment costs did inevitably increase during this period with average employee numbers increasing from 80 to 94.

2022 also saw a continuation of new product lines including 3D tools and resins with a marked increase in sales directly related to this.

The Company maintained a very healthy balance sheet with shareholders' funds increasing by 7.5% including current assets increasing by 11%. The trading ratio (stock to cost of sales) has increased from 44.7% to 51.3%. Debtor Days increased from 67 to 75 and Cash decreased by 3.2% on 2021 levels.

The Directors consider the Company results for the year and its financial position at 31st December 2022 as very satisfactory.

ON BEHALF OF THE BOARD:

W.R. Dahlgren - Director

30 March 2023

**AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

CHANGE OF NAME

The company passed a special resolution on 1 November 2022 changing its name from Tygavac Advanced Materials Limited to Airtech Advanced Materials UK Limited.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

RESEARCH AND DEVELOPMENT

During 2022 the company continued to undertake research and development into its products as part of its normal development.

FUTURE DEVELOPMENTS

Since moving to Oldham in 2014, the company continues to develop its technical, research and manufacturing capabilities.

DIRECTORS

The directors during the year under review were:

J L Dahlgren
W.R. Dahlgren
Mrs J Carter

The directors holding office at 31 December 2022 did not hold any beneficial interest in the issued share capital of the company at 1 January 2022 or 31 December 2022.

The entire share capital of the company is owned by Airtech International Inc. which is a U.S. company. Mr.W.R.Dahlgren, his wife and the Dahlgren Family Trust hold 100% of the share capital of Airtech International Inc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
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**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITORS

The auditors, Wyatt Morris Golland Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

W.R. Dahlgren - Director

30 March 2023

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AIRTECH ADVANCED MATERIALS UK LIMITED
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

Opinion

We have audited the financial statements of Airtech Advanced Materials UK Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 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 company's affairs as at 31 December 2022 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AIRTECH ADVANCED MATERIALS UK LIMITED
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation and
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where necessary,
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AIRTECH ADVANCED MATERIALS UK LIMITED
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

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 a Report of the Auditors 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.

Patricia A Richards F.C.A. (Senior Statutory Auditor)
for and on behalf of Wyatt Morris Golland Ltd
Statutory Auditors
Park House
200 Drake Street
Rochdale
Lancashire
OL16 1PJ

30 March 2023

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
TURNOVER	3		26,423,240		20,071,338
Cost of sales			17,953,979		13,171,962
GROSS PROFIT			8,469,261		6,899,376
Distribution costs		758,624		699,612	
Administrative expenses		4,221,848		4,031,142	
			4,980,472		4,730,754
			3,488,789		2,168,622
Other operating income			-		15,315
OPERATING PROFIT	5		3,488,789		2,183,937
Interest receivable and similar income			399,109		60,183
PROFIT BEFORE TAXATION			3,887,898		2,244,120
Tax on profit	6		793,503		464,469
PROFIT FOR THE FINANCIAL YEAR			3,094,395		1,779,651

The notes form part of these financial statements

**AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		3,094,395	1,779,651
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,094,395</u>	<u>1,779,651</u>

The notes form part of these financial statements

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED

BALANCE SHEET
31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		-		-
Tangible assets	8		4,435,641		4,822,573
Investments	9		<u>199,565</u>		<u>-</u>
			4,635,206		4,822,573
CURRENT ASSETS					
Stocks	10	9,211,931		5,887,141	
Debtors	11	5,896,606		3,927,367	
Cash at bank and in hand		<u>28,405,285</u>		<u>29,353,462</u>	
		43,513,822		39,167,970	
CREDITORS					
Amounts falling due within one year	12	<u>3,673,547</u>		<u>2,600,233</u>	
NET CURRENT ASSETS			<u>39,840,275</u>		<u>36,567,737</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			44,475,481		41,390,310
PROVISIONS FOR LIABILITIES	14		<u>128,073</u>		<u>137,297</u>
NET ASSETS			<u>44,347,408</u>		<u>41,253,013</u>
CAPITAL AND RESERVES					
Called up share capital	15		650,000		650,000
Retained earnings	16		<u>43,697,408</u>		<u>40,603,013</u>
SHAREHOLDERS' FUNDS			<u>44,347,408</u>		<u>41,253,013</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2023 and were signed on its behalf by:

W.R. Dahlgren - Director

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	650,000	38,823,362	39,473,362
Changes in equity			
Total comprehensive income	-	1,779,651	1,779,651
Balance at 31 December 2021	<u>650,000</u>	<u>40,603,013</u>	<u>41,253,013</u>
Changes in equity			
Total comprehensive income	-	3,094,395	3,094,395
Balance at 31 December 2022	<u>650,000</u>	<u>43,697,408</u>	<u>44,347,408</u>

The notes form part of these financial statements

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	(426,955)	1,634,219
Tax paid		<u>(574,630)</u>	<u>(458,981)</u>
Net cash from operating activities		<u>(1,001,585)</u>	<u>1,175,238</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(146,636)	(228,934)
Purchase of fixed asset investments		(199,565)	-
Sale of tangible fixed assets		500	122,119
Interest received		<u>399,109</u>	<u>60,183</u>
Net cash from investing activities		<u>53,408</u>	<u>(46,632)</u>
Cash flows from financing activities			
Grant income		-	15,315
Net cash from financing activities		<u>-</u>	<u>15,315</u>
(Decrease)/increase in cash and cash equivalents		(948,177)	1,143,921
Cash and cash equivalents at beginning of year	2	29,353,462	28,209,541
Cash and cash equivalents at end of year	2	<u>28,405,285</u>	<u>29,353,462</u>

The notes form part of these financial statements

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	3,887,898	2,244,120
Depreciation charges	533,568	623,672
Profit on disposal of fixed assets	(500)	(3,616)
Government grants	-	(15,315)
Finance income	<u>(399,109)</u>	<u>(60,183)</u>
	4,021,857	2,788,678
Increase in stocks	(3,324,790)	(754,774)
Increase in trade and other debtors	(1,969,239)	(987,384)
Increase in trade and other creditors	<u>845,217</u>	<u>587,699</u>
Cash generated from operations	<u>(426,955)</u>	<u>1,634,219</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>28,405,285</u>	<u>29,353,462</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>29,353,462</u>	<u>28,209,541</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank and in hand	29,353,462	(948,177)	28,405,285
	<u>29,353,462</u>	<u>(948,177)</u>	<u>28,405,285</u>
Total	<u>29,353,462</u>	<u>(948,177)</u>	<u>28,405,285</u>

The notes form part of these financial statements

**AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

Airtech Advanced Materials UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Airtech Advanced Materials UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Airtech International Inc, 5700 Skylab Road, Huntington Beach, California 92647, USA.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when the risks and rewards of ownership have passed to the customer. This typically happens when goods are delivered and legal title has passed

Intangible fixed assets

Where purchased goodwill is capitalised it is amortised over the expected useful economic life.

Goodwill bought to-date has been amortised over 5 years and 10 years.

Tangible fixed assets depreciation

Depreciation is provided, at the following annual rates in order to write off each asset over its estimated useful life:-

Long leasehold	- 4% on cost
Plant and machinery	- 10%, 12.5%, 20% and 33 1/3% on cost
Fixtures and fittings	- 10%, 20% and 33 1/3% on cost
Computers	- 33 1/3% and 20% on cost
Motor vehicles	- 33 1/3% and 25% on cost less residual value

At the balance sheet date the Company reviews the carrying amount of the property, plant & equipment to determine whether there is any indication that any items of property, plant & equipment have suffered an impairment loss. If any indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised on the asset in prior years. A reversal of an impairment is recognised as income immediately.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred. Although undertaken the company does not separately identify the costs.

Foreign currencies

Transactions in foreign currencies, assets and liabilities are recorded at the exchange rate ruling on the dates of those transactions, except foreign currency bank accounts which are translated into sterling at the year end rate. Profits and losses on exchange arising in the normal course of trading are dealt with through the profit and loss account.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

The following assets and liabilities are classified as financial instruments - trade debtors, trade creditors, bank loans, director' loans and forward currency contracts (derivatives).

Bank loans are initially measured at the present value of future payments and subsequently at amortised cost using the effective interest method.

Director's loans (being repayable on demand), trade receivables and trade payables are measured at the undiscounted amount of the cash and other consideration expected to be paid or received.

Forward currency contracts are derivative financial instruments. They are measured at fair value. Gains and losses arising from changes in the fair value of derivative financial instruments are included in profit and loss in the period in which they arise.

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 profit and loss.

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
PREVIOUSLY KNOWN AS TYGAVAC ADVANCED MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and sources of estimation uncertainty

In the application of the Company's accounting policies, management make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are 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.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Estimated useful life and residual value of fixed assets

As described above, depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives used by other companies operating in the sector and actual asset lives and residual values, as evidenced by disposals during current and prior accounting periods.

3. TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to 50.87% (2021 - 49.28%). In the opinion of the directors it would be prejudicial to the company's interests to disclose further details.

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	3,793,512	3,039,854
Social security costs	369,911	276,945
Other pension costs	98,455	98,340
	4,261,878	3,415,139

The average number of employees during the year was as follows:

	2022	2021
Administration and warehouse	94	80

	2022	2021
	£	£
Directors' remuneration	222,097	199,594

Information regarding the highest paid director for the year ended 31 December 2022 is as follows:

	2022
	£
Emoluments etc	222,097

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
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NOTES TO THE FINANCIAL STATEMENTS - continued
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5. OPERATING PROFIT

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

	2022	2021
	£	£
Hire of plant and machinery	10,843	8,565
Depreciation - owned assets	533,568	623,672
Profit on disposal of fixed assets	(500)	(3,616)
Auditors' remuneration	11,665	10,760
Auditors' remuneration for non audit work	13,090	10,685
Leasing costs	<u>-</u>	<u>17,540</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	802,727	474,630
Deferred tax	<u>(9,224)</u>	<u>(10,161)</u>
Tax on profit	<u>793,503</u>	<u>464,469</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	<u>3,887,898</u>	<u>2,244,120</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	738,701	426,383
Effects of:		
Permanently disallowed expenses	10,766	4,199
Temporarily disallowed expenses	8,036	807
Depreciation on land and buildings	41,839	44,049
Super allowances in year	<u>(5,839)</u>	<u>(10,969)</u>
Total tax charge	<u>793,503</u>	<u>464,469</u>

7. INTANGIBLE FIXED ASSETS

Goodwill
£

COST

At 1 January 2022
and 31 December 2022

428,661

AMORTISATION

At 1 January 2022
and 31 December 2022

428,661

NET BOOK VALUE

At 31 December 2022
At 31 December 2021

-
-

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

8. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2022	5,781,613	2,228,007	2,362,710
Additions	-	55,963	57,443
Disposals	-	(3,810)	-
At 31 December 2022	<u>5,781,613</u>	<u>2,280,160</u>	<u>2,420,153</u>
DEPRECIATION			
At 1 January 2022	2,140,204	1,824,535	1,670,251
Charge for year	233,673	145,161	103,210
Eliminated on disposal	-	(3,810)	-
At 31 December 2022	<u>2,373,877</u>	<u>1,965,886</u>	<u>1,773,461</u>
NET BOOK VALUE			
At 31 December 2022	<u>3,407,736</u>	<u>314,274</u>	<u>646,692</u>
At 31 December 2021	<u>3,641,409</u>	<u>403,472</u>	<u>692,459</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2022	55,089	503,716	10,931,135
Additions	-	33,230	146,636
Disposals	-	-	(3,810)
At 31 December 2022	<u>55,089</u>	<u>536,946</u>	<u>11,073,961</u>
DEPRECIATION			
At 1 January 2022	24,528	449,044	6,108,562
Charge for year	7,125	44,399	533,568
Eliminated on disposal	-	-	(3,810)
At 31 December 2022	<u>31,653</u>	<u>493,443</u>	<u>6,638,320</u>
NET BOOK VALUE			
At 31 December 2022	<u>23,436</u>	<u>43,503</u>	<u>4,435,641</u>
At 31 December 2021	<u>30,561</u>	<u>54,672</u>	<u>4,822,573</u>

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	<u>199,565</u>
At 31 December 2022	<u>199,565</u>
NET BOOK VALUE	
At 31 December 2022	<u>199,565</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Airtech Composite Materials India Private Limited

Registered office: House No. S/15, Bldg. A/1 Jairam Comm., Complex, Neugi Nagar, Fontainhas, Panjim, North Goa, 403001

Nature of business: Manufacturing and trading of composite materials

	%	
Class of shares:	holding	
Equity shares of Rs 10 each	99.99	31.3.22
		£
Aggregate capital and reserves		15,000
Loss for the period/year		<u>(4,750)</u>

The company invested in the subsidiary in two tranches, being £15,187 on 31/03/22 and a further £184,378 on 30/09/22 resulting in a total as at 31/12/22 of £199,565. The aggregate reserves and loss are shown for the period ended 31/03/22, being the subsidiary company year end.

10. **STOCKS**

	2022	2021
	£	£
Stocks	<u>9,211,931</u>	<u>5,887,141</u>

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	5,425,710	3,660,366
VAT	203,670	221,867
Prepayments	<u>267,226</u>	<u>45,134</u>
	<u>5,896,606</u>	<u>3,927,367</u>

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade creditors	2,293,127	1,351,279
Tax	402,727	174,630
Social security and other taxes	260,847	237,999
Accrued expenses	<u>716,846</u>	<u>836,325</u>
	<u>3,673,547</u>	<u>2,600,233</u>

13. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	-	3,364
Between one and five years	<u>36,491</u>	<u>25,520</u>
	<u>36,491</u>	<u>28,884</u>

AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

14. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>128,073</u>	<u>137,297</u>
		Deferred tax
		£
Balance at 1 January 2022		137,297
Utilised during year		<u>(9,224)</u>
Balance at 31 December 2022		<u>128,073</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
325,000	Ordinary	£1	325,000	325,000
325,000	Redeemable convertible ordinary	£1	<u>325,000</u>	<u>325,000</u>
			<u>650,000</u>	<u>650,000</u>

The redeemable convertible shares became redeemable after the 30 April 2002 and may be converted into ordinary £1 shares. They carry no voting rights. The holders have confirmed that there is currently no intention to redeem the shares.

16. RESERVES

	Retained earnings
	£
At 1 January 2022	40,603,013
Profit for the year	<u>3,094,395</u>
At 31 December 2022	<u>43,697,408</u>

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £98,455 (2021- £98,340). Included in accruals for pension contributions not paid over amounted to £49,456 (2021 - £28,158).

18. ULTIMATE PARENT COMPANY

The ultimate controlling entity is Airtech International Inc., a company incorporated in the U.S.A. Mr W. R. Dahlgren and his wife and family trust hold 100% of the share capital of Airtech International Inc. The registered office is 5700 Skylab Road, Huntington Beach, California 92647, USA.

19. CONTINGENT LIABILITIES

The company had the following contingent liabilities at 31 December 2022:-

A duty deferment bond to Customs and Excise; facility of £350,000 of which £250,000 was utilised at the year end.

A Customs Comprehensive Guarantee (CCG) facility of £65,000.

**AIRTECH ADVANCED MATERIALS UK LIMITED (REGISTERED NUMBER: 03153600)
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**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. RELATED PARTY DISCLOSURES

100% of the issued share capital of the company is owned by Airtech International Inc., a company incorporated in the U.S.A. Mr W. R. Dahlgren and his wife and family trust hold 100% of the share capital of Airtech International Inc. Airtech International Inc. are guarantor to the bank up to £625,000.

During the year the company undertook transactions at arms length with the holding company and fellow subsidiaries, Airtech Europe SARL and Tianjin Airtech Advanced Materials as follows:-

	Sales £	Purchases £	Expenses recharged £
Airtech Advanced Materials UK Ltd. and Airtech Europe SARL	3,925,880	4,857,633	282,345
Airtech Advanced Materials UK Ltd. and Airtech International Inc.	124,651	3,562,735	38,556
Airtech Advanced Materials UK Ltd. and Tianjin Airtech Advanced Materials	61,148	1,824,602	nil

Expenses recharged by Airtech Europe includes freight recharges amounting to £137,467.

At the 31 December 2022 the trading balances were as follows:-

Airtech Advanced Materials UK Ltd. owed Airtech Europe SARL £923,290
 Airtech Advanced Materials UK Ltd. owed Airtech International Inc. £288,133
 Airtech Advanced Materials UK Ltd. owed Tianjin Airtech Advanced Materials £261,035
 Airtech Advanced Materials UK Ltd. was owed by Airtech Europe SARL £629,221
 Airtech Advanced Materials UK Ltd. was owed by Airtech International £49,527
 Airtech Advanced Materials UK Ltd. was owed by Tianjin Airtech Advanced Materials £nil

21. GENERAL INFORMATION

Airtech Advanced Materials UK Ltd is a limited company incorporated in England. The address of the registered office and principal place of business are disclosed in the directors' report.

The principal activity of the company is the manufacture and distribution of vacuum bagging and composite tooling materials for prepreg/autoclave, resin infusion, and wet lay-up processes up to 395°C (750°F) .

The financial statements are presented in Sterling however the functional currency of the holding company is US Dollars.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.