

**REGISTERED NUMBER: 10238820 (England and Wales)**

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTOR AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022  
FOR  
FERRA HOLDINGS LIMITED**

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for the Year Ended 31 December 2022**

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**FERRA HOLDINGS LIMITED**

**COMPANY INFORMATION**  
**for the Year Ended 31 December 2022**

<b>DIRECTOR:</b>	R Kirkpatrick
<b>REGISTERED OFFICE:</b>	C/o Fox Williams 10 Finsbury Square London EC2A 1AF
<b>REGISTERED NUMBER:</b>	10238820 (England and Wales)
<b>AUDITORS:</b>	Oury Clark Chartered Accountants Statutory Auditors Herschel House 58 Herschel Street Slough Berkshire SL1 1PG

**GROUP STRATEGIC REPORT  
for the Year Ended 31 December 2022**

The director presents his strategic report of the company and the group for the year ended 31 December 2022.

**REVIEW OF BUSINESS**

Ferra Holdings Limited ("The Company") is an investment holding company and the principal activity of its subsidiary undertakings continues to be design, build and maintaining of complex sub-systems in the aerospace and defence sectors.

Ferra Holdings Limited and its subsidiaries ("The Group") is headquartered in the UK, with facilities held during the year in the United States, Australia and India.

The financial statements and notes within are stated in United States Dollars, being the presentational currency.

**RESULTS AND PERFORMANCE**

Revenue reduced in the period under review as a result of the divestment of the main revenue generating entities in April 2022. Underlying profit for 2022 is reflective of the gain on divestment of these entities.

**BUSINESS ENVIRONMENT**

Overall market dynamics in the global aerospace and defence market are favourable, with defence spending across the world by major governments remaining robust, supported by several ongoing geopolitical events. Defence spending remains a high priority for nation states. Ferra has a strong global presence and competitive capability to deliver the benefits of low-cost international production and proximity to its key customers.

Defence spending in Australia remains high. In addition to the procurement of advanced air, land and maritime platforms, the Australian government is also providing industry with strong support through federal and state grant schemes, aimed at helping with global competitiveness and increasing sovereign capability. The recent advances with AUKUS is seen as favorable for Ferra given our locations in Australia, UK and US.

Global integration has created competitive pressures in the commodity machining industry where lower margins are earned. The group's Indian presence helps to add a competitive cost advantage under the Globally Integrated Enterprise (GIE) model and management continue to capitalise on our current market position, while looking to move further into more complex / higher margin assemblies and into design-to-build rather than build to print, creating value through IP.

**STRATEGY**

Ferra has continued to strengthen its position in the aerospace and defence industry and seeks to retain a diversified portfolio of risks in order to achieve stable profits.

The Group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments. The Group aims to improve efficiency in all areas of our operations, ensuring disciplined contract selection and contract management. Customer service remains a top priority.

**GROUP STRATEGIC REPORT  
for the Year Ended 31 December 2022**

**RE-STRUCTURE**

On 5 April 2022, the Ferra Group was acquired by Accurus Aerospace Holdings, Inc. The Accurus Aerospace group of companies provide similar capabilities, products and solutions, primarily to the Commercial and Space industries which further aids the diversification initiatives of the Ferra Group. As a result of the change in ownership, the Ferra entities were restructured so that post 5 April only the UK and Indian entities formed a group at Ferra Holdings level. This is reflected in the financial statements presented herewith.

**KEY PERFORMANCE INDICATORS ('KPIs')**

Management evaluate performance based on three main Key Performance Indicators as a percentage of revenue:

	2021	2021	2022	2022
	\$'000	% of revenue	\$'000	% of revenue
Revenue	53,018	100	8,719	100
EBITDA	17,945	34	179,042	2,053
Operating profit	10,460	20	176,552	2,025
Net cash generated	-	0	-	0

EBITDA and Operating Profit were exceptionally high in 2022 due to the divestment of the major operating entities in April 2022.

Management expects significantly reduced revenues in future periods, given the size of the remaining operating entities within the Group at year end. Operating Profit and EBITDA is also expected to be less in both absolute terms and as a percentage of revenue in the short term as the remaining operating entities grow to a level comparable with those divested.

The Group also uses non-financial KPIs to monitor the effectiveness of the Group's operations. In particular the Group monitors its Supplier Delivery Performance, being parts delivered compared to delivered on time and its Customer Delivery Performance, being parts ordered compared to delivered on time.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit.

Compliance with regulation, legal and ethical standards is a high priority for the Group and the compliance team and Group finance department take on an important oversight role in this regard.

**FUTURE DEVELOPMENTS**

As part of the wider Accurus Aerospace group of companies, Ferra continues to look to grow its position in the market while diversifying its client base, primarily through continuing expansion in its strategic defense programs.

**SIGNED BY:**

*Robert Kirkpatrick*  
.....  
R Kirkpatrick - Director

10/06/24  
Date: .....

**REPORT OF THE DIRECTOR  
for the Year Ended 31 December 2022**

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2022.

**DIVIDENDS**

Dividends of \$209.2m were declared and paid in the year.

**DIRECTORS**

The directors who have held office during the period from 1 January 2022 to the date of this report are as follows:

M Scherrer - resigned 5 April 2022  
D Rogers - appointed 5 April 2022  
R Kirkpatrick - appointed 5 April 2022  
J Rusiewicz - appointed 5 April 2022

J Rusiewicz and D Rogers ceased to be directors after 31 December 2022, but prior to the date of this report.

**COMPLIANCE WITH THE MODERN SLAVERY ACT**

Following the enactment of the Modern Slavery Act the group has reviewed its procurement and human rights practices and those of its supply chain in light of this act. The group's suppliers are based predominantly in Australia, United States of America and India and the group has taken action to comply with the regulations. The group does not support forced labour or the exploitation of children.

**ENGAGEMENT WITH EMPLOYEES**

The group appreciates the vital role that employees play in its success and development and has continued its practice of keeping the employees informed of matters affecting them as employees and of the financial and economic factors affecting the performance of the group.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the director must not approve the financial statements unless he is 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 director is 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**FERRA HOLDINGS LIMITED (REGISTERED NUMBER: 10238820)**

**REPORT OF THE DIRECTOR  
for the Year Ended 31 December 2022**

**AUDITORS**

The auditors, Oury Clark Chartered Accountants, are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

*Robert Kirkpatrick*

.....  
R Kirkpatrick - Director

10/06/24  
Date: .....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FERRA HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of Ferra Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other 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, the Company Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Company Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the UK and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group 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 12 months and one day from when the financial statements are authorised for issue.

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

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Independent 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 inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be misstated. If we identify such inconsistencies or apparent 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 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
FERRA HOLDINGS LIMITED**

**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 any matters in the Group Strategic Report or the Report of the Director that are inconsistent with our overall view of the financial statements.

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 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FERRA HOLDINGS LIMITED**

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

### **Identifying and assessing potential irregularities, including fraud**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Considering the nature of the industry, sector, control environment and current business activities, including possible financial covenants, performance targets and subsequent remuneration and quality assurance risks.
- Enquiring of management concerning policies and procedures relating to:
  1. Complying with laws, regulations and registrations and whether there were any instances of non-compliance
  2. Mitigating, detecting and responding to fraud risk and whether there has been any actual or possible instances of fraud
- Discussing within the engagement team, with component auditors and internal specialists, where necessary, regarding how and where fraud may occur in the financial statements along with possible indicators of fraud. We identified the following areas most likely to be susceptible to fraud:
  1. Stock valuation
  2. Revenue recognition
  3. Management override
- Discussing within the engagement team, with component auditors and internal specialists, where necessary, the legal and regulatory framework in which the group operates and, in particular, those which would have an impact on the financial statements. The key laws and regulations considered were the Companies Act 2006, UK tax legislation and UK employment law for the UK registered companies, together with their equivalents within the operating territories of the subsidiary entities.

### **Audit response to the risks identified**

As noted above, we identified stock valuation, revenue recognition and management override as matters that would be most likely to be susceptible to fraud. Our procedures to respond to these risks included:

- Stock valuation testing to ensure that costs included within the valuation were correct and appropriate and that the resultant valuation was lower than the net realisable value
- Revenue recognition testing included confirmation of delivery dates, cut-off procedures around the year-end and confirming milestone trigger points had been achieved in accordance with contracts with customers
- Management override testing included reviewing journals posted during the year to ensure the rationale and support of such journals were valid and appropriate

Furthermore, we also identified compliance with key laws, regulations and registrations, as above, as being significant areas where there may be potential non-compliance. Our procedures to respond to these risks included the following:

- Review financial statements and disclosures to supporting documentation to assess compliance with the Companies Act 2006
- Safeguard review of the accounts by a qualified accountant not associated with the audit team, and of the corporation tax return by a Chartered Tax Adviser, not associated with the audit team
- Review tax computations and returns to ensure compliant with relevant tax legislation
- We have checked a sample of compliance with right to work checks and reviewed legal fees for indications of material issues arising out of non-compliance with employment law
- We have reviewed the audit report for the Indian subsidiary, to ensure the subsidiary financial statements complied with local reporting standards and laws.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
FERRA HOLDINGS LIMITED**

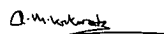
The above matters and identified laws, regulations and registrations and potential fraud risks were communicated to all the engagement team members, component auditors and internal specialists, where necessary, in order to ensure the audit team have the ability to identify such risks. The whole team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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.



Rachel Lockwood (Senior Statutory Auditor)  
for and on behalf of Oury Clark Chartered Accountants  
Statutory Auditors  
Herschel House  
58 Herschel Street  
Slough  
Berkshire  
SL1 1PG

Date: 11/06/24 .....

**FERRA HOLDINGS LIMITED (REGISTERED NUMBER: 10238820)****CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
for the Year Ended 31 December 2022**

	Notes	31.12.22 \$	31.12.21 \$
<b>CONTINUING OPERATIONS</b>			
Revenue		8,718,520	53,017,691
Cost of sales		<u>(6,165,828)</u>	<u>(29,903,183)</u>
<b>GROSS PROFIT</b>		2,552,692	23,114,508
Other operating income	4	51,293	1,575,804
Distribution costs		(257,241)	(1,089,834)
Administrative expenses		<u>(10,191,438)</u>	<u>(13,140,650)</u>
<b>OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS</b>		(7,844,694)	10,459,828
Exceptional items	6	<u>184,396,293</u>	<u>-</u>
<b>OPERATING PROFIT</b>		176,551,599	10,459,828
Finance costs	7	(171,423)	(256,212)
Finance income	7	<u>131,512</u>	<u>361,853</u>
<b>PROFIT BEFORE INCOME TAX</b>	8	176,511,688	10,565,469
Income tax	10	<u>435,671</u>	<u>(3,363,438)</u>
<b>PROFIT FOR THE YEAR</b>		<u>176,947,359</u>	<u>7,202,031</u>
Profit attributable to: Owners of the parent		<u>176,947,359</u>	<u>7,202,031</u>

The notes form part of these financial statements

**FERRA HOLDINGS LIMITED (REGISTERED NUMBER: 10238820)**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
for the Year Ended 31 December 2022**

	31.12.22 \$	31.12.21 \$
<b>PROFIT FOR THE YEAR</b>	176,947,359	7,202,031
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Consolidation foreign exchange movement	134,277	(294,009)
Income tax relating to item that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>134,277</u>	<u>(294,009)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>177,081,636</u>	<u>6,908,022</u>
Total comprehensive income attributable to:		
Owners of the parent	<u>177,081,636</u>	<u>6,908,022</u>
Post-tax profit/(loss) of discontinued operations (note 13)	(2,752,878)	7,109,001
Post-tax profit/(loss) on sale of discontinued operation (note 13)	184,396,293	-

The notes form part of these financial statements

**FERRA HOLDINGS LIMITED (REGISTERED NUMBER: 10238820)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 December 2022**

	Notes	31.12.22 \$	31.12.21 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	14	-	462,214
Owned			
Intangible assets	15	22,980	5,810,987
Property, plant and equipment	16	764,224	20,617,594
Right-of-use			
Property, plant and equipment	16, 25	159,857	8,428,268
Investments	17	1,132	1,132
Trade and other receivables	19	-	10,225,577
		<u>948,193</u>	<u>45,545,772</u>
<b>CURRENT ASSETS</b>			
Inventories	18	380,564	12,882,930
Trade and other receivables	19	2,682,873	12,898,353
Tax receivable		-	839,323
Cash and cash equivalents	20	45,190	7,599,577
		<u>3,108,627</u>	<u>34,220,183</u>
<b>TOTAL ASSETS</b>		<u>4,056,820</u>	<u>79,765,955</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	21	145,005	145,005
Share premium	22	910,316	910,316
Foreign exchange reserve	22	(14,933)	(149,210)
Retained earnings	22	(2,261,952)	29,990,689
<b>TOTAL EQUITY</b>		<u>(1,221,564)</u>	<u>30,896,800</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	23	73,713	841,068
Financial liabilities - borrowings			
Interest bearing loans and borrowings	24	104,723	26,138,961
Tax payable		-	623,183
Deferred tax	27	-	2,841,347
		<u>178,436</u>	<u>30,444,559</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	4,921,603	7,019,443
Financial liabilities - borrowings			
Interest bearing loans and borrowings	24	76,926	11,292,052
Tax payable		101,419	113,101
		<u>5,099,948</u>	<u>18,424,596</u>
<b>TOTAL LIABILITIES</b>		<u>5,278,384</u>	<u>48,869,155</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,056,820</u>	<u>79,765,955</u>

The notes form part of these financial statements

**FERRA HOLDINGS LIMITED (REGISTERED NUMBER: 10238820)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued**  
**31 December 2022**

The financial statements were approved by the director and authorised for issue on .....**10/06/24**..... and were signed by:

*R Kirkpatrick*  
.....  
R Kirkpatrick - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION  
31 December 2022

	Notes	31.12.22 \$	31.12.21 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	14	-	-
Owned			
Intangible assets	15	-	-
Property, plant and equipment	16	-	-
Right-of-use			
Investments	17	<u>1,023,110</u>	<u>3,769,731</u>
		<u>1,023,110</u>	<u>3,769,731</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	19	2,364,818	599,190
Cash and cash equivalents	20	<u>-</u>	<u>417,264</u>
		<u>2,364,818</u>	<u>1,016,454</u>
<b>TOTAL ASSETS</b>		<u><u>3,387,928</u></u>	<u><u>4,786,185</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	21	145,005	145,005
Share premium	22	910,316	910,316
Foreign exchange reserve	22	223,735	(59,682)
Retained earnings	22	<u>(121,833)</u>	<u>494,487</u>
<b>TOTAL EQUITY</b>		<u><u>1,157,223</u></u>	<u><u>1,490,126</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	2,131,785	3,184,375
Tax payable		<u>98,920</u>	<u>111,684</u>
		<u>2,230,705</u>	<u>3,296,059</u>
<b>TOTAL LIABILITIES</b>		<u><u>2,230,705</u></u>	<u><u>3,296,059</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,387,928</u></u>	<u><u>4,786,185</u></u>

The financial statements were approved by the director and authorised for issue on 10/06/24 and were signed by:

*Robert Kirkpatrick*

.....  
R Kirkpatrick - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the Year Ended 31 December 2022

	Called up share capital \$	Retained earnings \$	Share premium \$	Foreign exchange reserve \$	Total equity \$
<b>Balance at 1 January 2021</b>	145,002	22,788,658	910,316	144,799	23,988,775
<b>Changes in equity</b>					
Issue of share capital	3	-	-	-	3
Total comprehensive income	<u>-</u>	<u>7,202,031</u>	<u>-</u>	<u>(294,009)</u>	<u>6,908,022</u>
<b>Balance at 31 December 2021</b>	<u>145,005</u>	<u>29,990,689</u>	<u>910,316</u>	<u>(149,210)</u>	<u>30,896,800</u>
<b>Changes in equity</b>					
Dividends	-	(209,200,000)	-	-	(209,200,000)
Total comprehensive income	<u>-</u>	<u>176,947,359</u>	<u>-</u>	<u>134,277</u>	<u>177,081,636</u>
<b>Balance at 31 December 2022</b>	<u>145,005</u>	<u>(2,261,952)</u>	<u>910,316</u>	<u>(14,933)</u>	<u>(1,221,564)</u>

The notes form part of these financial statements

**FERRA HOLDINGS LIMITED (REGISTERED NUMBER: 10238820)**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
for the Year Ended 31 December 2022**

	Called up share capital \$	Retained earnings \$	Share premium \$	Foreign exchange reserve \$	Total equity \$
<b>Balance at 1 January 2021</b>	145,002	409,719	910,316	(45,750)	1,419,287
<b>Changes in equity</b>					
Issue of share capital	3	-	-	-	3
Total comprehensive income	-	84,768	-	(13,932)	70,836
<b>Balance at 31 December 2021</b>	<u>145,005</u>	<u>494,487</u>	<u>910,316</u>	<u>(59,682)</u>	<u>1,490,126</u>
<b>Changes in equity</b>					
Dividends	-	(209,200,000)	-	-	(209,200,000)
Total comprehensive income	-	208,583,680	-	283,417	208,867,097
<b>Balance at 31 December 2022</b>	<u>145,005</u>	<u>(121,833)</u>	<u>910,316</u>	<u>223,735</u>	<u>1,157,223</u>

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the Year Ended 31 December 2022

	31.12.22	31.12.21
	\$	\$
<b>Cash flows from operating activities</b>		
Cash generated from operations 1	11,764,660	5,537,140
Interest paid	(1,100,230)	(1,093,878)
Lease interest paid	(73,696)	(259,417)
Tax paid	<u>(784,785)</u>	<u>(3,435,658)</u>
Net cash from operating activities	<u>9,805,949</u>	<u>748,187</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(12,076)	(2,035,420)
Purchase of tangible fixed assets	(735,097)	(5,300,514)
Sale of tangible fixed assets	379,140	111,704
Interest received	131,512	361,853
Cash outflow on sale of investments	<u>(3,851,275)</u>	<u>-</u>
Net cash from investing activities	<u>(4,087,796)</u>	<u>(6,862,377)</u>
<b>Cash flows from financing activities</b>		
Net movement on loans	(27,651,041)	6,300,313
Inter company loan movement	14,920,892	-
Payment of lease liabilities	(598,449)	(1,827,045)
Amount introduced by directors	20,245	-
Amount withdrawn by directors	-	(20,245)
Share issue	-	3
Government grants received	35,813	93,562
Government loans forgiven	<u>-</u>	<u>1,482,242</u>
Net cash from financing activities	<u>(13,272,540)</u>	<u>6,028,830</u>
<b>Decrease in cash and cash equivalents</b>	<u>(7,554,387)</u>	<u>(85,360)</u>
<b>Cash and cash equivalents at beginning of year</b> 2	<u>7,599,577</u>	<u>7,684,937</u>
<b>Cash and cash equivalents at end of year</b> 2	<u><u>45,190</u></u>	<u><u>7,599,577</u></u>

The notes form part of these financial statements

**FERRA HOLDINGS LIMITED (REGISTERED NUMBER: 10238820)****COMPANY STATEMENT OF CASH FLOWS  
for the Year Ended 31 December 2022**

		31.12.22	31.12.21
		\$	\$
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	17,114	399,469
Interest paid		(1,424)	-
Tax paid		<u>(12,764)</u>	<u>(45,107)</u>
Net cash from operating activities		<u>2,926</u>	<u>354,362</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset investments		<u>-</u>	<u>(10,000)</u>
Net cash from investing activities		<u>-</u>	<u>(10,000)</u>
<b>Cash flows from financing activities</b>			
Net group loan repayments		(440,435)	(493,259)
Amount introduced by directors		20,245	-
Amount withdrawn by directors		-	(20,245)
Issue/(Reduction) in share capital		<u>-</u>	<u>3</u>
Net cash from financing activities		<u>(420,190)</u>	<u>(513,501)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(417,264)</u>	<u>(169,139)</u>
<b>Cash and cash equivalents at beginning of year</b>		417,264	600,335
Effect of foreign exchange rate changes	2	<u>-</u>	<u>(13,932)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>-</u></u>	<u><u>417,264</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENTS OF CASH FLOWS  
for the Year Ended 31 December 2022

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	31.12.22	31.12.21
	\$	\$
Profit before income tax	176,511,688	10,565,469
Depreciation charges	1,414,236	6,324,477
Profit on disposal of fixed assets	(184,396,293)	(14,859)
Government loans forgiven	-	(1,482,242)
Forex on consolidation restatement	134,277	(294,010)
R&D costs written off	4,475,662	-
Production overhead interest	1,002,503	1,097,082
Government grants	(35,813)	(93,562)
Finance costs	171,423	256,212
Finance income	(131,512)	(361,853)
	(853,829)	15,996,714
(Increase)/decrease in inventories	(1,470,419)	4,078,493
Decrease/(increase) in trade and other receivables	14,986,978	(11,221,585)
Decrease in trade and other payables	(898,070)	(3,316,482)
<b>Cash generated from operations</b>	<b>11,764,660</b>	<b>5,537,140</b>

Company

	31.12.22	31.12.21
	\$	\$
Profit before income tax	208,583,680	209,417
(Profit)/Loss on disposal of investments	(208,753,379)	-
Movement on foreign exchange reserve	283,417	-
Finance costs	1,424	-
	115,142	209,417
Decrease in trade and other receivables	6,803	114,215
(Decrease)/increase in trade and other payables	(104,831)	75,837
<b>Cash generated from operations</b>	<b>17,114</b>	<b>399,469</b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Group		Company	
Year ended 31 December 2022	31.12.22	1.1.22	31.12.22	1.1.22
	\$	\$	\$	\$
Cash and cash equivalents	<u>45,190</u>	<u>7,599,577</u>	<u>-</u>	<u>417,264</u>
Year ended 31 December 2021	31.12.21	1.1.21	31.12.21	1.1.21
	\$	\$	\$	\$
Cash and cash equivalents	<u>7,599,577</u>	<u>7,684,937</u>	<u>417,264</u>	<u>600,335</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the Year Ended 31 December 2022**

**1. STATUTORY INFORMATION**

Ferra Holdings 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 General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

**Going concern**

The Group operates in the Global Aerospace and Defence Industry. The Group is reliant on support from a former Group member, Ferra Engineering Pty Ltd, a company incorporated in Australia. The directors of the Group have received a letter of support from Ferra Engineering Pty Ltd, such support being pledged for a period of at least 12 months and 1 day from the date of signing of the audit report attached to these financial statements.

As a result of the above support, the Director is of the opinion the Group has sufficient funding to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. The financial report has been prepared on a going concern basis and no adjustments have been made relating to the recoverability and classification of recorded amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Basis of consolidation**

The consolidated accounts incorporate the profit and loss of the subsidiaries disposed of for 3 months of the year, with the remaining subsidiaries included for the whole period.

Ferra Aerospace Private Limited, incorporated in India, is required to prepare its financial statements to 31 March. For the years ended 31 December 2021 and 31 December 2022 audited financial statements were prepared for this company for inclusion in the consolidated accounts.

The other entity in the Group, being Ferra Systems Limited, incorporated in England & Wales, will prepare accounts to 31 December.

During the year Ferra Engineering Pty Ltd, Ferra Aerospace, Inc. and its subsidiary company, Ferra Aerospace (Rogers) Inc., were transferred into the wide group, therefore the profit and loss being included to the date of transfer and a profit on transfer recognised.

The consolidated financial statements do not include any revenue or expenses derived from inter-company trading within the group. In addition, all inter-company indebtedness within the group has been eliminated. Revenue, expenses and any inter-company indebtedness from the wider group have not been eliminated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**Changes in accounting policies, disclosures, standards and interpretations**

**New and amended standards and interpretations**

There were no new standards adopted in the current financial year.

**Summary of significant accounting policies**

**Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The director has classified those interest-bearing loans and borrowings as non-current at 31 December 2022 and 31 December 2021 where the director does not believe the Group will be required to make any repayments within 12 months of the relevant year end date.

The Group classifies all other liabilities as non-current.

**Foreign currencies**

The functional currency of the Group is dependent upon the location of the relevant group member. The functional currencies used are Great British pounds (£), Australian dollars (AUS \$), United States of America dollars (US \$) and Indian rupees (Rup).

The presentational currency for the Group is United States of America dollars (\$).

Transactions in foreign currencies are initially recorded by the Group member at its respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement of monetary items are recognised in profit or loss.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**Cash and cash equivalents**

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

**Trade and other receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

The Group's financial assets at amortised cost includes trade receivables and loans to employees.

**Allowance for expected credit losses (ECLs)**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**Investments**

Investments held by the Group are accounted for at cost in the statement of financial position less any impairment charges.

In the individual accounts of the Company, Investments in subsidiaries are accounted for at cost in the statement of financial position less any impairment charges.

**Financial instruments**

Financial instruments are considered to be non-complex and solely trade related, such that the risks associated therewith are considered to be normal trade risks as regards to recoverability or liability to settle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

**Property, plant and equipment and software**

Property, plant and equipment and software are stated at cost, net of accumulated depreciation/amortisation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Property	4 - 6%
Plant and equipment	4 - 50%
Computer equipment	19 - 75%
Fixtures and fittings	4 - 50%
Tools and measuring tools	15 - 60%
Software pool	15 - 50%
Motor vehicles	12.5%

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

All other items, except for plant and equipment, are derecognised on sale and are subject to review for impairment at each financial year and adjusted prospectively, if appropriate.

**Goodwill**

Goodwill relates to the excess of the purchase price paid on the acquisition of a business over the fair value of the net assets acquired. Goodwill is shown at cost less impairment.

**Development costs**

Development costs are included in the statement of profit and loss and other comprehensive income as incurred, except as outlined below:

**Capitalisation of defence project start up costs**

The comparatives include costs associated with the Group's participation in the worldwide Joint Striker Fighter (JSF) projects. The Group's contracts were expected to extend over 25 years. The life cycle of these contracts had moved from the development phase and as such, no expenses were capitalised in 2021 or 2022. These capitalised costs were fully amortised at the end of 2021, due to the sale of subsidiaries during the year development costs have been disposed of on the sale.

Until the date of sale of the subsidiaries, the Group participated in multiple defence development projects with customers and had confirmed orders for one project until 2023 with a market potential out to 2060. The development costs associated with these projects have been capitalised in 2020 and 2021, due to the sale of subsidiaries during the year development costs have been disposed of on the sale.

Automation projects

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

In previous years, development costs have been incurred in connection with growing the Group's capabilities to supply the automotive, medical equipment and aeronautics industry, with similar benefits accruing to the JSF project with long term contracts gained in that area. These costs have included, but are not limited to personnel costs in gaining and maintaining appropriate Quality Assurance certification, materials and machining costs in testing and production of dies, patterns and moulds for the industry, and upgrading facilities as required. These amounts have been included in the comparatives and relate to entities who have now been transferred into the wider group.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

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

Plant and machinery	1 to 3 years
Property	5 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies - Impairment of non-financial assets.

**Lease liabilities**

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

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

The Group's lease liabilities are presented separately in the statement of financial position.

Short-term leases and leases of low-value assets

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

**Goodwill**

Goodwill represents the excess of cost over fair value of net assets acquired through business acquisitions and is not amortized. The Group evaluates goodwill at least on an annual basis and whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. The Group performs a two-step test to assess goodwill for impairment. The first step of the goodwill impairment test requires a determination of whether the fair value of each reporting unit that generates the goodwill is less than its carrying value. If the fair value exceeds the carrying value, goodwill is not impaired and no further testing is performed. The second step is performed only if the carrying value exceeds the fair value. The second step involves an analysis reflecting the allocation of fair value determined in the first step (as if it was the purchase price in a business combination). This process may result in the determination of a new amount of goodwill. If the calculated fair value of the goodwill resulting from this allocation is lower than the carrying value of the goodwill in the reporting unit, the difference is reflected as a noncash impairment loss. The purpose of the second step is only to determine the amount of goodwill that should be recorded on the consolidated balance sheet.

**Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

**Trade and other payables**

Trade and other payables are carried at amortised cost and, due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method.

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

**Contract liabilities**

Monies have been received from customers in advance for services not yet provided. As a result, income has not been recognised during the financial year and contract liabilities are recognised at the end of the year, to the extent services were not performed by the year end.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**Provisions**

**General**

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

**Wages and salaries**

Liabilities for wages and salaries, including non-monetary benefits, which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

**Long service leave and annual leave**

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting period. The Group recognizes a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. The long service leave and annual leave relate to an entity which was part of the group for the first 3 months of the year, and is no longer in the consolidated balance sheet.

**Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of equipment. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that have separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Revenue in the year was split across the following geographical regions:

	31.12.22	31.12.21
	\$	\$
United Kingdom	86,978	-
Australia	6,231,026	46,586,952
India	163,227	140,089
United States	<u>2,237,289</u>	<u>6,290,650</u>
	<u>8,718,520</u>	<u>53,017,691</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**Finance income**

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to financial assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

**Deferred taxation**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is similarly recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of Other Comprehensive Income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Value added tax (VAT) and Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of VAT and GST, except:

- When the VAT or GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the VAT or GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of VAT or GST included

The net amount of VAT or GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of VAT or GST recoverable from, or payable to, the taxation authority. As at 31st December 2022, there were no amounts receivable or payable in respect of GST due to the change in group structure.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

Cash flows are included in the statement of cash flows on a gross basis and the VAT or GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**Government grants**

Government grants are recognised in accordance with the terms of the issuing authority.

Revenue grants are recognised on an accruals basis in the accounting period in which the relevant expense is recognised or in the period to which the income relates.

**Employee benefit costs**

The Group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

**Cash flow statement**

The consolidated cash flow statement has been prepared using the indirect method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial report requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial report was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Development costs**

The Group capitalises development costs for projects in accordance with its accounting policy. Initial capitalisation of costs is based on managements' judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone. In determining the amounts to be capitalised, management makes assumptions about the expected future cash generation of the project and the expected period of benefits. During the year capitalised development costs amounted to \$nil (2021: \$1,506,167). At 31 December 2022, the carrying amount of capitalised development costs was \$nil (2021: \$4,475,662). All capitalised amounts related to Ferra Engineering Pty Ltd prior to leaving the group.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of the deferred tax asset that can be recognised based on the timing and level of future taxable profits.

**Depreciation and amortisation**

Management uses judgement to estimate the useful lives and residual value of depreciating tangible and intangible assets. Capitalised development costs will be amortised over future periods of production from when the project reaches commercial production levels. Future amortisation will then be allocated over the project's remaining useful life. Refer to note 15. Since the restructure, amortisation of development costs is no longer relevant to the Group.

**Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-to-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**Determining the lease term of contracts with renewal and termination options - Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

**Determining the lease term of contracts with renewal and termination options - Group as lessee (Continued)**

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable periods (i.e. 3 to 5 years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewable periods for leases of plant and machinery with longer non-cancellable periods (i.e. 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

4. **OTHER OPERATING INCOME**

	31.12.22	31.12.21
	\$	\$
Other income	15,480	-
Government loans forgiven	-	1,482,242
Government grants	<u>35,813</u>	<u>93,562</u>
	<u>51,293</u>	<u>1,575,804</u>

5. **EMPLOYEES AND DIRECTORS**

	31.12.22	31.12.21
	\$	\$
Wages and salaries	3,714,944	11,969,729
Social security costs	179,276	746,495
Other pension costs	<u>156,024</u>	<u>521,389</u>
	<u>4,050,244</u>	<u>13,237,613</u>

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

	31.12.22	31.12.21
Operations	67	154
Administrative	31	43
Corporate	<u>13</u>	<u>14</u>
	<u>111</u>	<u>211</u>

	31.12.22	31.12.21
	\$	\$
Directors' remuneration	<u>32,857</u>	<u>137,750</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**6. EXCEPTIONAL ITEMS**

On 5 April 2022 the holding company transferred Ferra Aerospace Inc., together with its subsidiary company Ferra Aerospace (Rogers) Inc. and Ferra Engineering Pty Limited to elsewhere in the wider Accurus Aerospace group of companies. The total consideration received for the transfer of the subsidiaries was \$211,500,000. The profit on transfer of the subsidiaries has been recognised as exceptional income in the financial statements.

**7. NET FINANCE COSTS**

	31.12.22	31.12.21
	\$	\$
Finance income:		
Interest received	<u>131,512</u>	<u>361,853</u>
Finance costs:		
Bank and other interest	<u>97,727</u>	<u>256,212</u>
	<u>97,727</u>	<u>256,212</u>
Production overheads:		
Bank and other interest	1,002,503	969,150
Leasing interest	<u>73,696</u>	<u>259,417</u>
	<u>1,076,199</u>	<u>1,228,567</u>
Net finance costs	<u>1,042,414</u>	<u>1,122,926</u>

**8. PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging/(crediting):

	31.12.22	31.12.21
	\$	\$
Cost of inventories recognised as expense	6,165,828	29,903,183
Leases	30,379	105,048
Depreciation - owned assets	748,445	2,582,439
Depreciation - assets on finance leases	550,819	1,635,185
Profit on disposal of fixed assets	-	(14,859)
Development costs amortisation	-	1,677,349
Computer software amortisation	101,419	378,144
Foreign exchange differences	<u>1,281,833</u>	<u>(334,187)</u>

**9. AUDITORS' REMUNERATION**

	31.12.22	31.12.21
	\$	\$
Fees payable to the company's auditors for the audit of the company's financial statements	<u>73,304</u>	<u>54,336</u>
Total audit fees	<u>73,304</u>	<u>54,336</u>
Other non- audit services	<u>20,310</u>	<u>76,178</u>
Total non-audit fees	<u>20,310</u>	<u>76,178</u>
Total fees payable	<u>93,614</u>	<u>130,514</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

10. INCOME TAX

Analysis of tax (income)/expense

	31.12.22	31.12.21
	\$	\$
Current tax:		
Tax	(435,671)	3,123,071
Adjustment for prior year's R and D claim	<u>-</u>	<u>12,965</u>
Total current tax	(435,671)	3,136,036
Deferred tax	<u>-</u>	<u>227,402</u>
Total tax (income)/expense in consolidated statement of profit or loss	<u>(435,671)</u>	<u>3,363,438</u>

Factors affecting the tax expense

The tax assessed for the year is lower (2021 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22	31.12.21
	\$	\$
Profit before income tax	<u>176,511,688</u>	<u>10,565,469</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	33,537,221	2,007,439
Effects of:		
Research and development concession refund released / (recognised)	(391,551)	(70,326)
Deferred tax provision movement	2,338,358	227,402
Expenses not eligible for tax deduction adjustments	21,892	160,531
Effect of different tax rates in foreign jurisdictions	(924,301)	1,565,903
Prior period amendments	-	12,965
Losses (utilised) / carried forward re a subsidiary	10,369	(1,758)
Non-taxable income	(35,027,659)	(281,722)
Capital allowances in excess of depreciation and other fixed asset timing differences	<u>-</u>	<u>(256,996)</u>
Tax (income)/expense	<u>(435,671)</u>	<u>3,363,438</u>

11. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was \$208,583,680 (2021 - \$84,768).

This includes an exceptional item of \$209,031,056 being the profit on transfer of three investments in subsidiaries to the wider group that acquired the parent during the year.

12. DIVIDENDS

	31.12.22	31.12.21
	\$	\$
A Ordinary (voting) shares of \$0.020714707 each		
Final	<u>209,200,000</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**13. DISCONTINUED OPERATIONS**

As detailed in note 6 to the financial statements, the holding company transferred Ferra Aerospace Inc., together with its subsidiary company Ferra Aerospace (Rogers) Inc. and Ferra Engineering Pty Limited to elsewhere in the wider Accurus Aerospace group of companies on 5th April 2022. The following table analyses the results and gain/(loss) on sale of these discontinued operations.

	31.12.22	31.12.21
	\$	\$
Revenue	8,468,317	52,877,599
Expenses	<u>(11,657,955)</u>	<u>(42,531,269)</u>
Pre-tax profit/(loss)	(3,189,638)	10,346,330
Tax	<u>436,760</u>	<u>(3,237,329)</u>
Post-tax profit/(loss)	<u><u>(2,752,878)</u></u>	<u><u>7,109,001</u></u>
Gain/(loss) on sale of discontinued operation	184,396,293	-
Tax	<u>-</u>	<u>-</u>
Post-tax gain/(loss) on sale of discontinued operation	<u><u>184,396,293</u></u>	<u><u>-</u></u>

The pre-tax loss for the period up until disposal includes an impairment of \$4,048,306 to the capitalised development costs in Ferra Engineering Pty Limited. This is considered to be a normal operating impairment and is not considered to be exceptional.

The post-tax gain/(loss) on sale of discontinued operations was reached as follows:

Proceeds from sale	\$ 211,500,000
Less net assets of Ferra Engineering Pty Limited	(18,929,701)
Less net assets of Ferra Aerospace Inc	(9,243,771)
Add net liabilities of Ferra Aerospace (Rogers) Inc	<u>1,069,765</u>
	<u><u>184,396,293</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**14. GOODWILL**

**Group**

	\$
<b>COST</b>	
At 1 January 2022	513,572
Disposals	<u>(513,572)</u>
At 31 December 2022	-
<b>AMORTISATION</b>	
At 1 January 2022	51,358
Charge for year	13,552
Eliminated on disposal	<u>(64,910)</u>
At 31 December 2022	-
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>462,214</u>

Management of the Group believed that goodwill was not impaired at December 31, 2021.

**15. INTANGIBLE ASSETS**

**Group**

	Development costs \$	Computer software \$	Totals \$
<b>COST</b>			
At 1 January 2022	10,441,449	2,847,542	13,288,991
Additions	-	12,076	12,076
Disposals	<u>(10,441,449)</u>	<u>(2,808,201)</u>	<u>(13,249,650)</u>
At 31 December 2022	-	<u>51,417</u>	<u>51,417</u>
<b>AMORTISATION</b>			
At 1 January 2022	5,965,787	1,512,217	7,478,004
Amortisation for year	-	101,419	101,419
Eliminated on disposal	<u>(5,965,787)</u>	<u>(1,585,199)</u>	<u>(7,550,986)</u>
At 31 December 2022	-	<u>28,437</u>	<u>28,437</u>
<b>NET BOOK VALUE</b>			
At 31 December 2022	<u>-</u>	<u>22,980</u>	<u>22,980</u>
At 31 December 2021	<u>4,475,662</u>	<u>1,335,325</u>	<u>5,810,987</u>

Development costs have been capitalised in the areas described in Note 2 Development costs, being the JSF project, automation, Loyal Wingman project, Triton and Boeing commercial production efficiency. Development costs were disposed of in the year upon the transfer of the subsidiaries in which the development costs were held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements \$	Right of use assets \$	Capital work in progress \$	Plant and equipment \$
<b>COST</b>				
At 1 January 2022	889,707	12,515,461	1,751,264	25,050,680
Additions	446,039	-	-	213,433
Disposals	<u>(1,301,226)</u>	<u>(12,220,341)</u>	<u>(1,751,264)</u>	<u>(24,493,438)</u>
At 31 December 2022	<u>34,520</u>	<u>295,120</u>	<u>-</u>	<u>770,675</u>
<b>DEPRECIATION</b>				
At 1 January 2022	119,320	4,087,193	-	8,431,202
Charge for year	25,046	550,819	-	620,058
Eliminated on disposal	<u>(130,642)</u>	<u>(4,502,749)</u>	<u>-</u>	<u>(8,937,123)</u>
At 31 December 2022	<u>13,724</u>	<u>135,263</u>	<u>-</u>	<u>114,137</u>
<b>NET BOOK VALUE</b>				
At 31 December 2022	<u>20,796</u>	<u>159,857</u>	<u>-</u>	<u>656,538</u>
At 31 December 2021	<u>770,387</u>	<u>8,428,268</u>	<u>1,751,264</u>	<u>16,619,478</u>
	Fixtures and fittings \$	Motor vehicles \$	Computer equipment \$	Totals \$
<b>COST</b>				
At 1 January 2022	1,857,422	28,621	753,979	42,847,134
Additions	31,354	-	44,271	735,097
Disposals	<u>(1,834,416)</u>	<u>(19,676)</u>	<u>(733,590)</u>	<u>(42,353,951)</u>
At 31 December 2022	<u>54,360</u>	<u>8,945</u>	<u>64,660</u>	<u>1,228,280</u>
<b>DEPRECIATION</b>				
At 1 January 2022	754,872	15,646	393,039	13,801,272
Charge for year	55,241	3,104	44,996	1,299,264
Eliminated on disposal	<u>(799,700)</u>	<u>(14,590)</u>	<u>(411,533)</u>	<u>(14,796,337)</u>
At 31 December 2022	<u>10,413</u>	<u>4,160</u>	<u>26,502</u>	<u>304,199</u>
<b>NET BOOK VALUE</b>				
At 31 December 2022	<u>43,947</u>	<u>4,785</u>	<u>38,158</u>	<u>924,081</u>
At 31 December 2021	<u>1,102,550</u>	<u>12,975</u>	<u>360,940</u>	<u>29,045,862</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

17. INVESTMENTS

<b>Group</b>	Unlisted investments \$
<b>COST</b>	
At 1 January 2022 and 31 December 2022	<u>1,132</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>1,132</u>
At 31 December 2021	<u>1,132</u>
<b>Company</b>	Shares in group undertakings \$
<b>COST</b>	
At 1 January 2022 Disposals	3,769,731 <u>(2,746,621)</u>
At 31 December 2022	<u>1,023,110</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>1,023,110</u>
At 31 December 2021	<u>3,769,731</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries**

**Ferra Systems Limited**

Registered office: c/o Fox Williams, 10 Finsbury Square, London, EC2A 1AF  
Nature of business: Aeronautical engineering

Class of shares:	%		
Ordinary	holding		
	100.00		
		31.12.22	31.12.21
		\$	\$
Aggregate capital and reserves		9,864	5,957
Profit for the year		<u>3,907</u>	<u>5,993</u>

**Ferra Aerospace Private Limited**

Registered office: India  
Nature of business: Aeronautical Engineering

Class of shares:	%
Ordinary	holding
	99.68

During the reporting period, Ferra Aerospace Pvt Ltd made a loss after tax of Rs 50,901,853 (2021: Rs 1,063,678). At the period end, Ferra Aerospace Pvt Ltd has net liabilities of Rs 137,449,948 (2021: Rs 86,548,093).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

17. INVESTMENTS - continued

Company

Joint venture

Ferra-BRS Private Limited

Registered office: India

Nature of business: Aeronautical engineering

	%		
Class of shares:	holding	31.12.22	31.12.21
Ordinary	49.00	\$	\$
Aggregate capital and reserves		<u>1,698</u>	<u>1,698</u>

The principal place of business is India.

18. INVENTORIES

	Group	
	31.12.22	31.12.21
	\$	\$
Raw materials	15,188	3,380,688
Work-in-progress	324,985	6,434,067
Finished goods	<u>40,391</u>	<u>3,068,175</u>
	<u>380,564</u>	<u>12,882,930</u>

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.22	31.12.21	31.12.22	31.12.21
	\$	\$	\$	\$
Current:				
Trade debtors	38,563	9,025,091	-	-
Amounts owed by group undertakings	2,386,281	-	2,364,623	571,947
Other debtors	135,830	2,290,126	-	-
Directors' current accounts	-	20,245	-	20,245
VAT	109,023	151,188	195	6,998
Prepayments and accrued income	<u>13,176</u>	<u>1,411,703</u>	-	-
	<u>2,682,873</u>	<u>12,898,353</u>	<u>2,364,818</u>	<u>599,190</u>
Non-current:				
Other debtors	-	<u>10,225,577</u>	-	-
Aggregate amounts	<u>2,682,873</u>	<u>23,123,930</u>	<u>2,364,818</u>	<u>599,190</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.22	31.12.21	31.12.22	31.12.21
	\$	\$	\$	\$
Cash in hand	14	887	-	-
Bank accounts	45,176	7,598,690	-	417,264
	<u>45,190</u>	<u>7,599,577</u>	<u>-</u>	<u>417,264</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	31.12.22	31.12.21
Number:	Class:		\$	\$
7,000,000	A Ordinary (voting)	\$0.020714707	145,002	145,002
1,700,000	B,C,D Ordinary (non-voting)	\$0.0000015	<u>3</u>	<u>3</u>
			<u>145,005</u>	<u>145,005</u>

A Ordinary shares carry voting rights and B Ordinary shares, C Ordinary shares, and D Ordinary shares do not carry voting rights. Each A Ordinary share carries three votes at general meetings.

22. RESERVES

Group

	Retained earnings \$	Share premium \$	Foreign exchange reserve \$	Totals \$
At 1 January 2022	29,990,689	910,316	(149,210)	30,751,795
Profit for the year	176,947,359			176,947,359
Dividends	(209,200,000)			(209,200,000)
Movement on items held at historic rates	<u>-</u>	<u>-</u>	<u>134,277</u>	<u>134,277</u>
At 31 December 2022	<u>(2,261,952)</u>	<u>910,316</u>	<u>(14,933)</u>	<u>(1,366,569)</u>

Company

	Retained earnings \$	Share premium \$	Foreign exchange reserve \$	Totals \$
At 1 January 2022	494,487	910,316	(59,682)	1,345,121
Profit for the year	208,583,680			208,583,680
Dividends	(209,200,000)			(209,200,000)
Movement on items held at historic rates	<u>-</u>	<u>-</u>	<u>283,417</u>	<u>283,417</u>
At 31 December 2022	<u>(121,833)</u>	<u>910,316</u>	<u>223,735</u>	<u>1,012,218</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

23. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.22	31.12.21	31.12.22	31.12.21
	\$	\$	\$	\$
Current:				
Trade creditors	279,393	1,670,481	5,731	51,417
Amounts owed to group undertakings	4,524,238	-	2,057,493	3,005,251
Social security and other taxes	5,249	40,280	-	7,052
Other creditors and contract liabilities	9,040	4,084,647	28	2,473
Accruals	<u>103,683</u>	<u>1,224,035</u>	<u>68,533</u>	<u>118,182</u>
	<u>4,921,603</u>	<u>7,019,443</u>	<u>2,131,785</u>	<u>3,184,375</u>
Non-current:				
Employee benefit liabilities	<u>73,713</u>	<u>841,068</u>	-	-
	<u>73,713</u>	<u>841,068</u>	-	-
Aggregate amounts	<u>4,995,316</u>	<u>7,860,511</u>	<u>2,131,785</u>	<u>3,184,375</u>

Included in Other creditors and contract liabilities are \$nil (2021: \$3,528,692) which represent Milestone Payments received by the Group for which revenue will be recognised once the performance obligations have been satisfied by the Group in accordance with IFRS 15. The contract liability from 2021 was recognised through the delivery of manufactured parts through 2022 up to the point of sale of the relevant subsidiary.

24. FINANCIAL LIABILITIES - BORROWINGS

	Group	
	31.12.22	31.12.21
	\$	\$
Current:		
Other loans	-	9,628,413
Leases (see note 25)	<u>76,926</u>	<u>1,663,639</u>
	<u>76,926</u>	<u>11,292,052</u>
Non-current:		
Other loans	-	18,925,357
Leases (see note 25)	<u>104,723</u>	<u>7,213,604</u>
	<u>104,723</u>	<u>26,138,961</u>

Terms and debt repayment schedule

Group

	1 year or less	1-2 years	2-5 years	Totals
	\$	\$	\$	\$
Leases	<u>76,926</u>	<u>88,896</u>	<u>15,827</u>	<u>181,649</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**24. FINANCIAL LIABILITIES - BORROWINGS - continued**

Other loans in the prior year related to financing facilities within the subsidiary entities. All of these loans have since moved out of the Group as part of the restructure during the year, hence the fall in these balances.

**25. LEASING**

**Group  
Right-of-use assets**

**Property, plant and equipment**

	31.12.22	31.12.21
	\$	\$
<b>COST</b>		
At 1 January 2022	12,515,461	9,430,426
Additions	-	3,085,035
Disposals	<u>(12,220,341)</u>	<u>-</u>
	<u>295,120</u>	<u>12,515,461</u>
 <b>DEPRECIATION</b>		
At 1 January 2022	4,087,193	2,580,444
Charge for year	550,819	1,635,185
Eliminated on disposal	(4,502,749)	-
Transfer on reclassification	<u>-</u>	<u>(128,436)</u>
	<u>135,263</u>	<u>4,087,193</u>
 <b>NET BOOK VALUE</b>	 <u><u>159,857</u></u>	 <u><u>8,428,268</u></u>

**Group  
Other leases**

	31.12.22	31.12.21
	\$	\$
Short-term leases	<u>30,379</u>	<u>105,048</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

25. LEASING - continued

**Group**  
**Lease liabilities**

Minimum lease payments fall due as follows:

	31.12.22	31.12.21
	\$	\$
Gross obligations repayable:		
Within one year	89,657	1,969,820
Between one and five years	110,519	7,404,994
In more than five years	-	403,935
	<u>200,176</u>	<u>9,778,749</u>
Finance charges repayable:		
Within one year	12,731	306,181
Between one and five years	5,796	590,934
In more than five years	-	4,391
	<u>18,527</u>	<u>901,506</u>
Net obligations repayable:		
Within one year	76,926	1,663,639
Between one and five years	104,723	6,814,060
In more than five years	-	399,544
	<u>181,649</u>	<u>8,877,243</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

26. FINANCIAL INSTRUMENTS

The group is subject to liquidity risk, foreign currency risk, interest rate risk and credit risk as follows. There are no significant variances in the below risks from the previous period.

**Liquidity risk**

The following tables detail the Group and the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

**Group**

	1 year or less \$	More than 1 year \$	Remaining contractual liabilities \$
31.12.22			
Non-derivatives			
Non-interest bearing			
Trade creditors	279,393	-	279,393
Amounts owed to group undertakings	4,524,238	-	4,524,238
Social security and other taxes	5,249	-	5,249
Other creditors and contract liabilities	9,040	-	9,040
Employee benefit liabilities	-	73,713	73,713
Accruals	103,683	-	103,683
Interest bearing loans and borrowings			
Leases	<u>76,926</u>	<u>104,723</u>	<u>181,649</u>
Total non-derivatives	<u>4,998,529</u>	<u>178,436</u>	<u>5,176,965</u>

	1 year or less \$	More than 1 year \$	Remaining contractual liabilities \$
31.12.21			
Non-derivatives			
Non-interest bearing			
Trade creditors	1,670,481	-	1,670,481
Amounts owed to group undertakings	-	-	-
Social security and other taxes	40,280	-	40,280
Other creditors and contract liabilities	4,084,647	-	4,084,647
Employee benefit liabilities	-	841,068	841,068
Accruals	1,224,035	-	1,224,035
Interest bearing loans and borrowings			
Leases	<u>11,292,052</u>	<u>26,138,961</u>	<u>37,431,013</u>
Total non-derivatives	18,311,495	26,980,029	45,291,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022

Company

	1 year or less \$	More than 1 year \$	Remaining contractual liabilities \$
31.12.22			
Non-derivatives			
Non-interest bearing			
Trade creditors	5,731	-	5,731
Amounts owed to group undertakings	2,057,493	-	2,057,493
Social security and other taxes	-	-	-
Other creditors and contract liabilities	28	-	28
Employee benefit liabilities	-	-	-
Accruals	68,533	-	68,533
Interest bearing loans and borrowings			
Leases	-	-	-
Total non-derivatives	<u>2,131,785</u>	<u>-</u>	<u>2,131,785</u>

	1 year or less \$	More than 1 year \$	Remaining contractual liabilities \$
31.12.21			
Non-derivatives			
Non-interest bearing			
Trade creditors	51,417	-	51,417
Amounts owed to group undertakings	3,005,251	-	3,005,251
Social security and other taxes	7,052	-	7,052
Other creditors and contract liabilities	2,473	-	2,473
Employee benefit liabilities	-	-	-
Accruals	118,182	-	118,182
Interest bearing loans and borrowings			
Leases	-	-	-
Total non-derivatives	<u>3,184,375</u>	<u>-</u>	<u>3,184,375</u>

The Group manages liquidity risk by maintaining adequate cash reserves by monitoring actual and forecast cashflows and matching the maturity profiles of financial assets and liabilities.

Foreign currency risk

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group manages foreign currency risk by holding bank balances denominated in different currencies according to the expected trade of the various Group members.

**Interest rate risk**

The Group is not exposed to any significant interest rate risk.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the gross carrying amount, as disclosed in the balance sheet and notes to the financial statements.

Given the limited Trade debtors at the year end, credit risk is not considered to be significant.

Except for cash and cash equivalents, the Group has no other concentration of credit risk exposure as at the current or prior year ends. No expected credit loss is recorded for cash and cash equivalents as the Group and Company only deal with reputable organisations.

**27. DEFERRED TAX**

The deferred tax provision of \$nil (2021 : \$2,841,347) relates to timing differences between accounting and tax treatment of items, primarily fixed assets.

At the balance sheet date no group companies recognised a deferred tax asset due to uncertainty as to the timing of relief for unutilised losses.

**28. ULTIMATE PARENT COMPANY**

The immediate parent company is Ferra UK Buyer, a company incorporated in The Cayman Islands. The Ultimate Parent company is Accurus Aerospace Holdings, LLC, a company incorporated in Delaware. Consolidated accounts are not publicly available.

**29. RELATED PARTY DISCLOSURES**

Ferra Engineering Pty Limited (incorporated in Australia), Ferra UK Buyer (incorporated in the Cayman Islands) and Ferra Aerospace Inc (incorporated in the United States of America) are all related parties by virtue of being in the same wider Accurus Aerospace group of companies.

As at the year end, the following balances existed between these entities and the Group.

Ferra Engineering Pty Limited owed the Group \$86,281 (2021: nil) and the Group owed Ferra Engineering Pty Limited \$3,916,969 (2021: nil).

Ferra UK Buyer owed the Group \$2,300,000 (2021: nil).

The Group owed Ferra Aerospace Inc \$607,269 (2021: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2022**

**30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Group's capital management objective is to ensure the Group's ability to continue as a going concern.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the consolidated statement of financial position.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**31. TRANSFER AND RESTRUCTURE**

During the year, Ferra Holdings Limited was acquired by the Accurus Aerospace group of companies. As part of the acquisition, Ferra Engineering Pty Ltd and Ferra Aerospace Inc, together with its subsidiary Ferra Aerospace (Rogers) Inc, were transferred elsewhere in the Accurus Aerospace group of companies as part of a restructure.