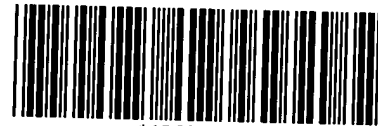


Company registration number 01129495 (England and Wales)

**AEROTRON LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

MONDAY



A28 \*ADCQMLAW\* 30/09/2024 #28  
COMPANIES HOUSE

# AEROTRON LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A M Westley - Chairman J Westley M P Westley - Managing Director N A Westley K Goodall G W Mashlan R J Wilson
<b>Secretary</b>	J Westley
<b>Company number</b>	01129495
<b>Registered office</b>	Westley House Fleming Way Jenner Road Crawley West Sussex RH10 9GA
<b>Auditor</b>	Gravita Audit II Limited Aldgate Tower 2 Leman Street London E1 8FA

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# **AEROTRON LIMITED**

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# AEROTRON LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present the strategic report for the year ended 31 December 2023.

### **Fair review of the business**

#### *Results of the business*

The directors consider the key performance indicators to be turnover and gross profit. Turnover has increased from £53.8m in 2022 to £60.1m in 2023. The gross profit margin decreased from 22.3% 2022 to 13.2% in 2023.

#### *Position of the business*

The company retains a strong cash position at the year end of £79.9m which is substantial. The company retains its cash reserves to offset the continuing conditions in the aviation sector and to enable it to further develop its operations.

### **Principal risks and uncertainties**

#### *Currency risk*

The company's trading activities expose it to the risk of adverse fluctuations in foreign exchange rates, primarily in US dollars. The company does not use financial instruments to manage this risk but instead seeks to match foreign currency transactions and cash flows.

#### *Credit and liquidity risk*

Working capital is monitored and managed to ensure that cash receivable from debtors is available in a timely manner that allows credit obligations to be met.

Successful management of liquidity has meant that the company currently carries no overdraft or bank loans on its balance sheet.

### **Key performance indicators**

The board monitors the progress of the company by reference to the following KPIs:

Turnover

Gross profit

Overheads

Debtors

See the fair review of the business section for consideration of this year's performance.

### **Other performance indicators**

Turnover per employee is £1,113,143 for 2023 (2022: £979,038) and reflects the continued improvement as the aviation sector recovers from the Covid19 pandemic.

### **Other information and explanations**

The company had exchange gains of £6,790,455 in 2022, which was higher than usual. Much of this was due to the unrealised gain on the translation of foreign currency bank balances at the year-end as the UK economy saw a record fall of Sterling against the US Dollar towards the end of 2022. As expected, much of this reversed out in 2023 accounts with an exchange loss of £2,044,648 reflected in these financial statements.

In 2024 the directors plan further organic growth making use of the strong liquid position of the company.

# AEROTRON LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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### Promoting the success of the company

Under s172 of the Companies Act 2006 directors of UK companies have a duty to promote the success of their company for the benefit of the members as a whole and, in doing so, have regard to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

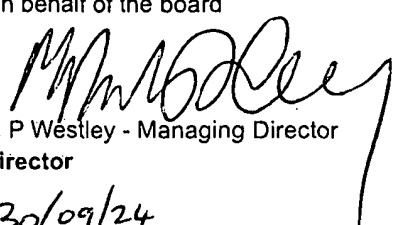
To discharge their Section 172 duties, the Directors of Aerotron Limited had regard to the factors set out above in making the principal decisions taken by the company.

The company's key stakeholder is its immediate parent, Aerotron Group (Holdings) Limited. The company's Directors believe that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2023.

From the perspective of the company's Directors, as a result of the Aerotron Group governance structure, the Aerotron Group board of directors have taken the lead in carrying out the duties of a board in respect of the company's other stakeholders. The company's Directors have also considered relevant matters where appropriate to the company.

Culture is a combination of the values, attitudes and behaviours demonstrated by the company in its activities and relations with stakeholders. The company embodies and demonstrates the desired culture of the Aerotron Group to maintain a reputation for high standards of business conduct.

On behalf of the board

  
M P Westley - Managing Director  
Director

30/09/24

# AEROTRON LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2023

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

The review of the business is discussed in the strategic report.

#### Principal activities

The principal activity of the company continued to be that of supply of aircraft spares.

#### Results and dividends

The results for the year are set out on page 9.

No Ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A M Westley - Chairman  
J Westley  
M P Westley - Managing Director  
N A Westley  
K Goodall  
G W Mashlan  
R J Wilson

#### Auditor

The auditor, Gravita Audit II Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Energy and carbon report

The directors present their report on energy and carbon for the year ended 31 December 2023:

	2023	2022
	kWh	kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	111,892	95,459
- Electricity purchased	432,071	465,540
	<u>543,963</u>	<u>560,999</u>

# AEROTRON LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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	2023 metric tonnes	2022 metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	20.57	17.55
Scope 2 - indirect emissions		
- Electricity purchased	100.73	106.44
Scope 3 - Indirect emissions		
- Other indirect emissions	82.38	65.93
Total gross emissions	<u>203.68</u>	<u>189.92</u>
<i>Intensity ratio</i>		
Tonnes CO2e per full-time employee	<u>3.77</u>	<u>3.52</u>

### *Quantification and reporting methodology*

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

### *Intensity measurement*

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per employee.

### *Measures taken to improve energy efficiency*

The company has spent in excess of £150,000 on solar panels to generate as much power as we can, and we are intending to increase that capacity. We have installed light sensors throughout the building to ensure that lights are only activated by movement.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

# AEROTRON LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



M P Westley - Managing Director  
Director

30/09/24

# AEROTRON LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEROTRON LIMITED

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### Opinion

We have audited the financial statements of Aerotron Limited (the 'company') for the year ended 31 December 2023 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

# **AEROTRON LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF AEROTRON LIMITED**

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

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. The laws and regulations applicable to the company were identified through discussions with directors and other management, and from our commercial knowledge and experience of the industry. Of these laws and regulations, we focused on those that we considered may have a direct material effect on the financial statements or the operations of the company, including Aviation Suppliers Association Quality System Standard, BSI Certificate of Registration, Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation. The extent of compliance with these laws and regulations identified above was assessed through making enquiries of management and inspecting legal correspondence. The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

# AEROTRON LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AEROTRON LIMITED

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

### Use of our report

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



**Daniel Rose**  
**Senior Statutory Auditor**  
**For and on behalf of Gravita Audit II Limited**

30/06/2024

**Chartered Accountants**  
**Statutory Auditor**

Aldgate Tower  
2 Lemn Street  
London  
E1 8FA

# AEROTRON LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2023

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	Notes	2023 £	2022 £
Turnover	3	60,109,702	53,847,083
Cost of sales		(52,149,604)	(41,823,358)
<b>Gross profit</b>		<b>7,960,098</b>	<b>12,023,725</b>
Administrative expenses		(2,780,177)	(3,267,626)
Other operating income/(expenses)		(2,044,647)	6,790,455
<b>Operating profit</b>	4	<b>3,135,274</b>	<b>15,546,554</b>
Interest receivable and similar income	7	4,697,227	2,109,715
<b>Profit before taxation</b>		<b>7,832,501</b>	<b>17,656,269</b>
Tax on profit	8	(4,534,753)	(696,324)
<b>Profit for the financial year</b>		<b>3,297,748</b>	<b>16,959,157</b>
Retained earnings brought forward		79,060,872	64,100,927
Dividends	9	-	(2,000,000)
<b>Retained earnings carried forward</b>		<b>82,358,620</b>	<b>79,060,872</b>

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

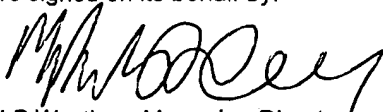
# AEROTRON LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11	5,077,304		5,305,482	
Investments	12		1		-
		<u>5,077,305</u>		<u>5,305,482</u>	
<b>Current assets</b>					
Stocks	14	17,922,132	4,396,637		
Debtors	15	24,619,933	29,995,013		
Cash at bank and in hand		79,916,969	70,431,157		
		<u>122,459,034</u>	<u>104,822,807</u>		
<b>Creditors: amounts falling due within one year</b>	16	<u>(29,260,408)</u>	<u>(15,643,749)</u>		
<b>Net current assets</b>		93,198,626		89,179,058	
<b>Provisions for liabilities</b>	19	(15,916,311)		(15,422,668)	
<b>Net assets</b>		<u>82,359,620</u>		<u>79,061,872</u>	
<b>Capital and reserves</b>					
Called up share capital	20	1,000	1,000		
Profit and loss reserves		82,358,620	79,060,872		
<b>Total equity</b>		<u>82,359,620</u>		<u>79,061,872</u>	

The financial statements were approved by the board of directors and authorised for issue on 30/09/24 and are signed on its behalf by:

  
M P Westley - Managing Director  
Director

Company Registration No. 01129495

# AEROTRON LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

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	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	6,291,217		18,367,813	
Income taxes paid		(3,307,246)		-	
		<u>2,983,971</u>		<u>18,367,813</u>	
<b>Net cash inflow from operating activities</b>		<b>2,983,971</b>		<b>18,367,813</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(45,332)		(21,686)	
Acquisition of subsidiaries		(1)		-	
Proceeds from disposal of tangible fixed assets		6,025		-	
Loan receipts		1,843,923		867,876	
Interest received		<u>4,697,226</u>		<u>2,109,715</u>	
<b>Net cash generated from investing activities</b>		<b>6,501,841</b>		<b>2,955,905</b>	
<b>Financing activities</b>					
Dividends paid		-		<u>(2,000,000)</u>	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>(2,000,000)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>9,485,812</b>		<b>19,323,718</b>	
Cash and cash equivalents at beginning of year		<u>70,431,157</u>		<u>51,107,439</u>	
<b>Cash and cash equivalents at end of year</b>		<b><u>79,916,969</u></b>		<b><u>70,431,157</u></b>	

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# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

#### Company information

Aerotron Limited is a private company limited by shares incorporated in England and Wales. The registered office is Westley House, Fleming Way, Jenner Road, Crawley, West Sussex, RH10 9GA.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements of the company are consolidated in the financial statements of Aerotron Group (Holdings) Limited. These consolidated financial statements are available from its registered office, Westley House, Fleming Way, Crawley, RH10 9GA. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. This includes spare handling of Fixed Wing and Rotary parts, hiring and support services to aircraft operations. Income is recognised when the lease/repair of a part has occurred, when the support is given or when the risk and rewards have been transferred to the buyer in the case of spare part sales. Income from operating leases is recognised on a straight line basis over the term of the lease.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies (Continued)

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.5 Intangible fixed assets – negative goodwill

Negative goodwill represents the deficit of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as a liability at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment gains. Negative goodwill is considered to have a finite useful life and is amortised over its expected life.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	For buildings on cost over expected life of building of 25 years. Land is held at cost and not depreciated.
Plant and machinery	20% to 50% on cost
Fixtures, fittings & equipment	25% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

(Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

The cost of parts which can be repaired and reused is based on the cost of the original item. When a stock part is issued in exchange for a used part the item is refurbished and entered into the stock pool. The cost of refurbishment is expensed. In ascertaining the net realisable value of reusable stock the part is written down over its useful working life.

Contractual stock is stock for which the company has entered into a contractual agreement to purchase but which has not been received yet. This is initially recognised at cost per the contract and an adjustment is made each year to reflect changes in the estimated market value of the stock to be received.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

(Continued)

#### *Other financial liabilities*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.12 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable, and a reliable estimate can be made. Provisions are measured as the best estimate of the amount required to settle the obligation, considering the related risks and uncertainties, and the related increases are generally charged as an expense to profit or loss.

Standard warranties provided at the time of sale assure customers that the company will rectify or replace items not fit for purpose. These warranties cover defects that may become apparent within a specified period (one to three years from sale). A provision is set up for expected future warranty costs triggered by the sale of defective goods. Returns provisions are determined by estimating the expected level of returns, relying on historical return experience.

Deferred tax liabilities are also presented within provisions but are measured in accordance with the company's accounting policy on taxation (see note 1.14)

#### 1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1 Accounting policies

(Continued)

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

##### 1.18 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the average monthly rate of the transaction. All differences are taken to profit and loss account.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow-moving and obsolete stock items. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, likely repair cost and sale price, airworthiness, likelihood of obsolescence, level of competition and the economic environment.

The cost of parts which can be repaired and reused is based on the cost of the original item. When a stock part is issued in exchange for a used part the item is refurbished and entered into the stock pool. The cost of refurbishment is expensed in ascertaining the net realisable value of reusable stock; the part is written down over its useful working life.

Contractual stock is where the group has contractual obligations to purchase stock from a supplier and has therefore recognised the stock at the year end. This is initially recognised based on the agreed price at the time of the contract but is revalued each year based on any agreed price fluctuations.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Warranty provision**

Determining the warranty provision requires the directors to consider the likely volume of repairs to be performed in the following year under warranties granted in the current year. The calculation used was based on the proportion of warranty repairs from a previous period. The carrying amount of the warranty provision in the accounts is £1,429,998 (2022: £1,281,561).

##### **Contractual stock provision**

Determining the stock provision at the year end requires the directors to ascertain the quantity and condition of certain stock items to ensure the company's obligations under service agreements will be performed. The directors make a provision for stock items which they are required to purchase at the year end to fulfil their contractual obligations as they consider the utilisation of stock that is beyond economical repair or has been sold.

##### **Bad debt provision**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. An initial provision is made of any debt over 90 days old in the accounts and this is reviewed up to the date of signing giving regard to those factors above.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Sales	60,109,702	53,847,083
	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	9,362,556	8,718,566
Non UK	50,747,146	45,128,517
	60,109,702	53,847,083

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

<b>3 Turnover and other revenue</b>		<b>(Continued)</b>	
	<b>2023</b>	<b>2022</b>	
	<b>£</b>	<b>£</b>	
<b>Other revenue</b>			
Interest income	<u>4,697,226</u>	<u>2,109,715</u>	
<b>4 Operating profit</b>		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):			
Exchange losses/(gains)	2,044,648	(6,790,455)	
Fees payable to the company's auditor for the audit of the company's financial statements	57,000	35,000	
Negative goodwill released to profit	(179,915)	-	
Depreciation of owned tangible fixed assets	<u>273,510</u>	<u>289,291</u>	
<b>5 Employees</b>			
The average monthly number of persons (including directors) employed by the company during the year was:			
	<b>2023</b>	<b>2022</b>	
	<b>Number</b>	<b>Number</b>	
Directors	7	7	
Sales and admin	<u>47</u>	<u>48</u>	
Total	<u>54</u>	<u>55</u>	
Their aggregate remuneration comprised:		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
Wages and salaries	4,116,786	4,103,146	
Social security costs	495,949	529,747	
Pension costs	77,379	86,835	
	<u>4,690,114</u>	<u>4,719,728</u>	

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	1,576,973	1,652,298
Company pension contributions to defined contribution schemes	18,300	18,300
	<u>1,595,273</u>	<u>1,670,598</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3). Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	734,713	820,300
Company pension contributions to defined contribution schemes	6,000	6,000
	<u>740,713</u>	<u>826,300</u>

### 7 Interest receivable and similar income

	2023 £	2022 £
<b>Interest income</b>		
Interest on bank deposits	3,508,988	890,851
Interest receivable from group companies	657,851	626,955
Other interest income	530,388	591,909
	<u>4,697,227</u>	<u>2,109,715</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>4,166,839</u>	<u>1,517,806</u>
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### 8 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,283,605	1,293,565
Adjustments in respect of prior periods	3,231,246	(603,137)
	<u>4,514,851</u>	<u>690,428</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>19,902</u>	<u>5,896</u>
	<u>4,534,753</u>	<u>696,324</u>

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	7,832,498	17,626,269
Expected tax charge based on the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	1,840,637	3,354,691
Tax effect of expenses that are not deductible in determining taxable profit	55,489	37,109
Change in unrecognised deferred tax assets	(90,846)	(455,125)
Adjustments in respect of prior years	3,231,189	(603,137)
Effect of change in corporation tax rate	1,194	110,645
Group relief	(556,687)	(1,790,102)
Fixed asset differences	53,777	42,243
Taxation charge for the year	4,534,753	696,324

In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted. The 23.50% rate used above reflects 9 months of this new rate and 3 months of the previous rate of 19%. The 25% rate is used to measure UK deferred taxes in 2023 (and in 2022 to the extent the related timing differences were expected to reverse after 1 April 2023).

#### 9 Dividends

	2023 £	2022 £
Interim paid	-	2,000,000

#### 10 Intangible fixed assets

	Negative goodwill £	Total £
<b>Cost</b>		
At 1 January 2023	-	-
Additions	(179,915)	(179,915)
Write off to reserves	179,915	179,915
At 31 December 2023	-	-
<b>Amortisation and impairment</b>		
At 1 January 2023 and 31 December 2023	-	-
<b>Carrying amount</b>		
At 31 December 2023	-	-
At 31 December 2022	-	-

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 11 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2023	7,797,401	1,689,244	874,898	62,105	10,423,648
Additions	-	14,706	-	30,626	45,332
Disposals	-	-	-	(28,207)	(28,207)
<b>At 31 December 2023</b>	<b>7,797,401</b>	<b>1,703,950</b>	<b>874,898</b>	<b>64,524</b>	<b>10,440,773</b>
<b>Depreciation and impairment</b>					
At 1 January 2023	2,538,279	1,642,884	874,898	62,105	5,118,166
Depreciation charged in the year	228,840	44,032	-	638	273,510
Disposals	-	-	-	(28,207)	(28,207)
<b>At 31 December 2023</b>	<b>2,767,119</b>	<b>1,686,916</b>	<b>874,898</b>	<b>34,536</b>	<b>5,363,469</b>
<b>Carrying amount</b>					
At 31 December 2023	5,030,282	17,034	-	29,988	5,077,304
At 31 December 2022	5,259,122	46,360	-	-	5,305,482

### 12 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	13	1	-
			<b>Shares in subsidiaries</b>
			£
<b>Cost or valuation</b>			
At 1 January 2023			-
Additions			1
<b>At 31 December 2023</b>			<b>1</b>
<b>Impairment</b>			
At 1 January 2023 and 31 December 2023			-
<b>Carrying amount</b>			
At 31 December 2023			1
At 31 December 2022			-

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 13 Subsidiaries

Details of the company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Address	Class of shares held	% held	
			Direct	Indirect
Aerotron Consumable and Military Services Limited	1	Ordinary	100.00	-

Registered office addresses:

1 Westley House, Fleming Way, Crawley, West Sussex, RH10 9GA

### 14 Stocks

	2023 £	2022 £
Finished goods and goods for resale	7,654,925	4,396,637
Contractual stock	10,267,207	-
	<u>17,922,132</u>	<u>4,396,637</u>

The company has contractual obligations to purchase stock from suppliers and has therefore recognised this stock at the year end.

### 15 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Trade debtors	8,980,357	7,494,242
Amounts owed by group undertakings	324,400	5,275,791
Other debtors	1,372,227	3,030,157
Prepayments and accrued income	81,433	280,441
	<u>10,758,417</u>	<u>16,080,631</u>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	13,848,620	13,881,584
Deferred tax asset (note 17)	12,896	32,798
	<u>13,861,516</u>	<u>13,914,382</u>
<b>Total debtors</b>	<u>24,619,933</u>	<u>29,995,013</u>

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 16 Creditors: amounts falling due within one year

	2023	2022 as restated
	£	£
Trade creditors	14,714,443	11,720,716
Corporation tax	2,501,170	1,293,565
Other taxation and social security	128,984	58,123
Other creditors	115,926	378,496
Accruals and deferred income	11,799,885	2,192,849
	<u>29,260,408</u>	<u>15,643,749</u>

#### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2023	Assets 2022
	£	£
<b>Balances:</b>		
Fixed asset timing differences	<u>12,896</u>	<u>32,798</u>
		<b>2023</b>
<b>Movements in the year:</b>		<b>£</b>
Asset at 1 January 2023		32,798
Charge to profit or loss		(19,902)
Asset at 31 December 2023		<u>12,896</u>

#### 18 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>77,379</u>	<u>86,835</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions relating to December 2023 are included in the financial statements.

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 19 Provisions

	Stock replacement provisions £	Warranty provision £	Total £
At 1 January 2023 (as restated)	14,141,107	1,281,561	15,422,668
Movements recognised in profit or loss	345,206	148,437	493,643
At 31 December 2023	<u>14,486,313</u>	<u>1,429,998</u>	<u>15,916,311</u>

A provision for stock replacement is made to ensure the company's obligations under service agreements will be performed. The directors will make a provision for stock items which they know they will be required to purchase at the year end to fulfil its contractual obligations as they consider the likely utilisation of stock that are either beyond economical repair or have been sold.

A provision for warranties is recognised as a consequence of the company's policy to cover the cost of repair and/or replacement of defective parts. The provision is recognised at the date of sale of the part covered and is calculated based on historical data for similar products. The provision is expected to be utilised over the next three months to three years.

### 20 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

The company has only one class of shares, which carry no right to fixed income. All shares within the class rank equally for distributions.

### 21 Acquisition of a business

On 30 April 2023 the company acquired 100 percent of the issued share capital of Aerotron Consumable and Military Services Limited (ACMS).

	Book Value £	Adjustments £	Fair value £
<b>Net assets acquired</b>			
Stock	62,202	-	62,202
Trade and other receivables	107,065	-	107,065
Cash and cash equivalents	69,512	-	69,512
Trade and other payables	(58,863)	-	(58,863)
Total identifiable net assets	<u>179,916</u>	<u>-</u>	<u>179,916</u>
Negative goodwill			(179,915)
Total consideration			<u>1</u>
The consideration was satisfied by:			£
Cash			<u>1</u>

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 21 Acquisition of a business

(Continued)

Due to the forgiveness of debts with the company, the net assets of ACMS were acquired for £1. This has resulted in a negative goodwill balance being recognised as shown in note 10. After acquisition the trade and assets of ACMS have been subsumed into the company and, as a result, the negative goodwill balance has been written off to the profit and loss account during 2023.

### 22 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	1,632,509	1,680,702

#### Transactions with related parties

The company has taken advantage of the exemption available in FRS 102 paragraph 33.1A whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2023 £	2022 £	2023 £	2022 £
Other group companies	353,511	174,064	887,101	129,705
Other related parties	2,376,221	2,186,793	551,035	572,763

#### Interest received on loans

	2023 £	2022 £
Other group companies	657,088	550,237
Other related parties	530,388	622,668

The following amounts were outstanding at the reporting end date:

	2023 £	2022 £
<b>Amounts due from related parties</b>		
Other group companies	13,928,573	12,761,710
Other related parties	21,344	10,611
<b>Amounts due to related parties</b>		
Other group companies	45,965	549
Other related parties	1,430,926	3,826,919

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

<b>22</b>	<b>Related party transactions</b>	<b>(Continued)</b>	
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	<b>Amounts due to related parties</b>		
	Other group companies	45,965	549
	Other related parties	1,430,926	3,826,919
		<u>          </u>	<u>          </u>

**23 Directors' transactions**

The directors had loan accounts during the year. The movements on these loans are as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Amounts loaned from directors	2.25	(378,496)	431,753	(169,182)	(115,925)
		<u>(378,496)</u>	<u>431,753</u>	<u>(169,182)</u>	<u>(115,925)</u>

**Other transactions**

During the year two non-executive directors, R Wilson and G Mashlan, provided consultancy services to the company to the value of £184,032 (2022: £139,468). In relation to these amounts, £103,152 (2022: £7,500) was owing at the year end.

**24 Ultimate controlling party**

The immediate and ultimate parent company of Aerotron Limited is Aerotron Group (Holdings) Limited.

Aerotron Group (Holdings) Limited is registered in England and Wales and prepares consolidated accounts which are available from its registered office at Westley House, Fleming Way, Crawley, West Sussex, RH10 9GA. Aerotron Group (Holdings) Limited is wholly owned by the Westley family, the ultimate controlling party.

**25 Cash generated from operations**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>as restated £</b>
Profit for the year after tax	3,297,748	16,959,945
<b>Adjustments for:</b>		
Taxation charged	4,534,753	696,324
Investment income	(4,697,227)	(2,109,715)
Gain on disposal of tangible fixed assets	(6,025)	-
Depreciation and impairment of tangible fixed assets	273,510	289,291
<b>Movements in working capital:</b>		
Increase in stocks	(13,525,495)	(764,054)
Decrease/(increase) in debtors	3,511,253	(2,135,838)
Increase in creditors	12,409,056	917,545
Increase in provisions	493,644	4,514,315
	<u>          </u>	<u>          </u>
<b>Cash generated from operations</b>	<b>6,291,217</b>	<b>18,367,813</b>
	<u>          </u>	<u>          </u>

# AEROTRON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 26 Analysis of changes in net funds

	1 January 2023 £	Cash flows £	31 December 2023 £
Cash at bank and in hand	70,431,157	9,485,812	79,916,969

#### 27 Prior period adjustment

Warranty and stock replacement provisions of £1,281,561 and £14,141,107 respectively, included within Other Creditors in 2022 have been reallocated to Provisions for liabilities as this better reflects the requirements of FRS 102.

The adjustment does not give rise to any effect upon profit or equity as previously reported.