

REGISTRAR COPY

Registered number: 03490552

AERO TEC LABORATORIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



AERO TEC LABORATORIES LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | P Regna G Dawson |
| Registered number | 03490552 |
| Registered office | ATL Technology Centre Denbigh Road, Bletchley Milton Keynes Buckinghamshire MK1 1DF |
| Independent auditor | MHA MacIntyre Hudson Peterbridge House The Lakes Northampton NN4 7HB |
| Bankers | Barclays Bank Plc Milton Keynes Buckinghamshire MK6 1AL |

AERO TEC LABORATORIES LIMITED

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AERO TEC LABORATORIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present the Strategic Report and financial statements for the year ended 31 December 2021.

Business review

Aero Tec Laboratories (ATL) UK much like other businesses around the globe were still feeling the affects of the COVID-19 pandemic. During Q1, Formula One sales for the business were minimal. Despite this, Aero Tec Laboratories (ATL) UK remained profitable for the financial year ended 31st December 2021, alongside a full order book until the end of Q4 2022.

During the latter quarters of 2021, the business continued to recruit staff from other diversification markets to strengthen growth where possible.

Aero Tec Laboratories (ATL) UK would also like to report that the business now has a senior leadership team for business continuity but also to ensure that the businesses growth is sustained and manageable.

A forward outlook for the business is to invest in strategic capital expenditure alongside the governments super-deduction incentive. This capital will allow the business to be able to sustain and manage growth.

The business is positive in looking forward to a full order book and strong 2022 performance.

Principal risks and uncertainties

The principal financial risks faced by the Company and the Company's objectives and policies in relation to those risks are as follows:

Currency Risk:

The Company faces currency risk on its overseas supplier invoices. The senior leadership team work with key suppliers to minimise foreign currency exposure. Since the majority of customers are invoiced in the business's home currency, the business does not see revenue as a currency risk.

Supply Chain & Raw Materials Risk:

The Company, as with others around the globe, faces challenges around the supply of raw materials. To mitigate this risk the company has decided to strategically start increasing stock for key raw materials.

Recruitment Risk:

The Company faces continued recruitment challenges to meet customer demands. Incentives for referrals have been launched for current employees and the senior leadership team regularly discuss avenues and platforms to assist in the recruitment process.

AERO TEC LABORATORIES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial key performance indicators

| | 2021 | 2020 | Variance |
|----------------|-------------|-------------|-----------------|
| Sales Turnover | £10,259,790 | £7,934,479 | 29.31% |

Aero Tec Laboratories (ATL) UK has reported an increase in sales volume for the year ended 31st December 2021, this being driven by customers restarting paused/cancelled projects during the latter part of the year.

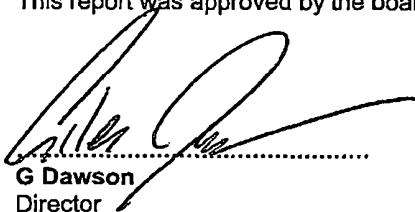
| | 2021 | 2020 | Variance |
|------------------|-------------|-------------|-----------------|
| Work in Progress | £412,655 | £288,195 | 43.19% |

Work in progress has also increased due to the above note that projects were resuming in the latter months of the financial year.

| | 2021 | 2020 | Variance |
|-------|-------------|-------------|-----------------|
| Stock | £1,519,366 | £1,378,688 | 10.20% |

Stock has also increased to mitigate the risk of Supply Chain & Raw Materials.

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



.....
G Dawson
Director

Date: 25 August 2022

AERO TEC LABORATORIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £331,409 (2020 - £507,042).

No dividends have been paid within the current or prior financial year.

Directors

The Directors who served during the year were:

P Regna
G Dawson

Future developments

The directors intend for the Company to continue its strategy of organic growth.

AERO TEC LABORATORIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

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

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
G Dawson
Director

Date: 25 August 2022

AERO TEC LABORATORIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AERO TEC LABORATORIES LIMITED

Opinion

We have audited the financial statements of Aero Tec Laboratories Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

AERO TEC LABORATORIES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AERO TEC LABORATORIES LIMITED
(CONTINUED)**

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 set out on page 3, 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.

AERO TEC LABORATORIES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AERO TEC LABORATORIES LIMITED
(CONTINUED)**

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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance.

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

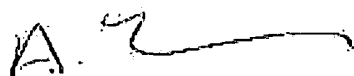
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

AERO TEC LABORATORIES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AERO TEC LABORATORIES LIMITED
(CONTINUED)**

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.



Adam Young ACA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors

Northampton, United Kingdom

Date: 25 August 2022

AERO TEC LABORATORIES LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021 £ | 2020 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 10,259,790 | 7,934,479 |
| Cost of sales | | (6,705,121) | (5,368,224) |
| Gross profit | | 3,554,669 | 2,566,255 |
| Administrative expenses | | (3,139,898) | (2,300,628) |
| Other operating income | 5 | 38,769 | 363,710 |
| Operating profit | 6 | 453,540 | 629,337 |
| Interest receivable and similar income | 10 | 1,649 | 15,825 |
| Profit before tax | | 455,189 | 645,162 |
| Tax on profit | 11 | (123,780) | (138,120) |
| Profit after tax | | 331,409 | 507,042 |
| Retained earnings at the beginning of the year | | 9,369,006 | 8,861,964 |
| | | 9,369,006 | 8,861,964 |
| Profit for the year | | 331,409 | 507,042 |
| Retained earnings at the end of the year | | 9,700,415 | 9,369,006 |

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

The notes on pages 13 to 26 form part of these financial statements.

AERO TEC LABORATORIES LIMITED
REGISTERED NUMBER: 03490552

BALANCE SHEET
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|-------------------|-------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 97,007 | 111,943 |
| Tangible assets | 13 | 842,194 | 957,746 |
| | | <u>939,201</u> | <u>1,069,689</u> |
| Current assets | | | |
| Stocks | 14 | 1,932,021 | 1,666,883 |
| Debtors: amounts falling due within one year | 15 | 2,672,220 | 1,728,741 |
| Cash at bank and in hand | 16 | 6,122,303 | 6,415,998 |
| | | <u>10,726,544</u> | <u>9,811,622</u> |
| Creditors: amounts falling due within one year | 17 | (1,188,601) | (765,967) |
| Net current assets | | <u>9,537,943</u> | <u>9,045,655</u> |
| Total assets less current liabilities | | <u>10,477,144</u> | <u>10,115,344</u> |
| Provisions for liabilities | | | |
| Deferred tax | 18 | (168,912) | (138,521) |
| | | <u>(168,912)</u> | <u>(138,521)</u> |
| Net assets | | <u>10,308,232</u> | <u>9,976,823</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 607,817 | 607,817 |
| Profit and loss account | 20 | 9,700,415 | 9,369,006 |
| | | <u>10,308,232</u> | <u>9,976,823</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
G Dawson
Director

Date: 25 August 2022

The notes on pages 13 to 26 form part of these financial statements.

AERO TEC LABORATORIES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | 2021 £ | 2020 £ |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 331,409 | 507,042 |
| Adjustments for: | | |
| Amortisation of intangible assets | 15,519 | 13,210 |
| Depreciation of tangible assets | 198,840 | 223,474 |
| Government grants | - | (363,710) |
| Interest received | (1,649) | (15,825) |
| Taxation charge | 123,780 | 138,120 |
| (Increase) in stocks | (265,138) | (469,479) |
| (Increase)/decrease in debtors | (863,384) | 301,073 |
| Increase in creditors | 543,071 | 22,577 |
| Corporation tax (paid) | (293,921) | (279,895) |
| Net cash generated from operating activities | <u>(211,473)</u> | <u>76,587</u> |
| Cash flows from Investing activities | | |
| Purchase of intangible fixed assets | (583) | (13,773) |
| Purchase of tangible fixed assets | (83,288) | (58,612) |
| Interest received | 1,649 | 15,825 |
| Net cash from Investing activities | <u>(82,222)</u> | <u>(56,560)</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(293,695)</u> | <u>20,027</u> |
| Cash and cash equivalents at beginning of year | 6,415,998 | 6,395,971 |
| Cash and cash equivalents at the end of year | <u><u>6,122,303</u></u> | <u><u>6,415,998</u></u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 6,122,303 | 6,415,998 |
| | <u><u>6,122,303</u></u> | <u><u>6,415,998</u></u> |

AERO TEC LABORATORIES LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | At 1 January 2021 £ | Cash flows £ | At 31 December 2021 £ |
|--------------------------|------------------------------|------------------|--------------------------------|
| Cash at bank and in hand | 6,415,998 | (293,695) | 6,122,303 |
| Debt due within 1 year | (659) | - | (659) |
| | <u>6,415,339</u> | <u>(293,695)</u> | <u>6,121,644</u> |

AERO TEC LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Aero Tec Laboratories Limited is a members limited liability company incorporated in England, UK, registered number 03490552 limited by shares. Its registered office and principal place of business is ATL Technology Centre, Denbigh Road, Bletchley, Milton Keynes, Buckinghamshire, MK1 1DF.

The principal activity of the company is the design and production of liquid containers and associated accessories for a host of markets including motorsport and military vehicles.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

2.3 Revenue

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

Sale of goods

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

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

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.5 Finance costs

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

2.6 Intangible assets

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

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

2.7 Tangible fixed assets

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

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

The estimated useful lives range as follows:

| | |
|------------------------------|------------------------------|
| Long-term leasehold property | - 3 - 20 years straight line |
| Plant and machinery | - 3 - 10 years straight line |
| Motor vehicles | - 4 - 5 years straight line |
| Office equipment | - 3 - 10 years straight line |

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

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

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 Stocks

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

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

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

2.11 Creditors

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

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.13 Financial instruments

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

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.14 Pensions

Defined contribution pension plan

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

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

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.16 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

In the application of the Company's accounting policies, which are described in note 1, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

The whole of the turnover is attributable to the sale of liquid containers and associated accessories.

Analysis of turnover by country of destination:

| | 2021 £ | 2020 £ |
|-------------------|-------------------|------------------|
| United Kingdom | 2,827,617 | 2,359,357 |
| Rest of Europe | 6,865,392 | 5,156,589 |
| Rest of the world | 566,781 | 418,533 |
| | <u>10,259,790</u> | <u>7,934,479</u> |

5. Other operating income

| | 2021 £ | 2020 £ |
|-------------------------------------|---------------|----------------|
| Government grants receivable (CJRS) | <u>38,769</u> | <u>363,710</u> |

6. Operating profit

The operating profit is stated after charging:

| | 2021 £ | 2020 £ |
|----------------------|---------------|---------------|
| Exchange differences | 5,262 | (16,072) |
| Depreciation | 198,840 | 223,225 |
| Amortisation | <u>15,519</u> | <u>13,210</u> |

7. Auditor's remuneration

| | 2021 £ | 2020 £ |
|---|--------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>8,250</u> | <u>8,000</u> |

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

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

| | 2021 £ | 2020 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 4,290,459 | 3,428,777 |
| Social security costs | 461,589 | 331,665 |
| Cost of defined contribution scheme | 207,853 | 232,629 |
| | <u>4,959,901</u> | <u>3,993,071</u> |

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

| | 2021 No. | 2020 No. |
|-----------------------|-------------|-------------|
| Production | 84 | 89 |
| Office and management | 12 | 14 |
| | <u>96</u> | <u>103</u> |

9. Directors' remuneration

| | 2021 £ | 2020 £ |
|---|------------------|----------------|
| Directors' emoluments | 1,301,388 | 682,721 |
| Company contributions to defined contribution pension schemes | 10,000 | 40,000 |
| | <u>1,311,388</u> | <u>722,721</u> |

During the year retirement benefits were accruing to 1 Director (2020 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,000,387 (2020 - £682,721).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,000 (2020 - £40,000).

The only members of key management personnel are the directors.

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Interest receivable

| | 2021 £ | 2020 £ |
|---------------------------|--------------|---------------|
| Other interest receivable | <u>1,649</u> | <u>15,825</u> |

11. Taxation

| | 2021 £ | 2020 £ |
|--|----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 93,389 | 145,581 |
| Adjustments in respect of previous periods | - | (1,180) |
| | <u>93,389</u> | <u>144,401</u> |
| Total current tax | <u>93,389</u> | <u>144,401</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 30,391 | (6,281) |
| Total deferred tax | <u>30,391</u> | <u>(6,281)</u> |
| Taxation on profit on ordinary activities | <u>123,780</u> | <u>138,120</u> |

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 £ | 2020 £ |
|--|----------------|----------------|
| Profit on ordinary activities before tax | 455,189 | 645,162 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 86,486 | 122,581 |
| Effects of: | | |
| Non-tax deductible expenditure | 6,777 | 22,534 |
| Adjustments to tax charge in respect of prior periods | - | (1,180) |
| Other timing differences leading to an increase (decrease) in taxation | 30,517 | (5,815) |
| Total tax charge for the year | 123,780 | 138,120 |

Factors that may affect future tax charges

The Finance Bill 2021 had its third reading on 24 May 2021 and was then considered to be substantively enacted; the Finance Act 2021 receiving Royal Assent on 10 June 2021. This included 25% as the main rate of corporation tax relevant for periods on or after 1 April 2023 to be reflected in gains on any asset sales or timing differences expected to reverse after that date.

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Intangible assets

| | Computer software £ |
|-------------------------------------|------------------------------------|
| Cost | |
| At 1 January 2021 | 140,970 |
| Additions | 583 |
| At 31 December 2021 | <u>141,553</u> |
| Amortisation | |
| At 1 January 2021 | 29,027 |
| Charge for the year on owned assets | 15,519 |
| At 31 December 2021 | <u>44,546</u> |
| Net book value | |
| At 31 December 2021 | <u>97,007</u> |
| At 31 December 2020 | <u>111,943</u> |

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Tangible fixed assets

| | Long-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Office equipment £ | Total £ |
|--|---|-----------------------------|------------------------|--------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 January 2021 | 1,291,207 | 1,200,619 | 59,777 | 514,458 | 3,066,061 |
| Additions | 5,382 | 47,289 | - | 30,617 | 83,288 |
| At 31 December 2021 | <u>1,296,589</u> | <u>1,247,908</u> | <u>59,777</u> | <u>545,075</u> | <u>3,149,349</u> |
| Depreciation | | | | | |
| At 1 January 2021 | 622,337 | 1,041,506 | 37,221 | 407,251 | 2,108,315 |
| Charge for the year on owned assets | 102,418 | 35,869 | 12,284 | 48,269 | 198,840 |
| At 31 December 2021 | <u>724,755</u> | <u>1,077,375</u> | <u>49,505</u> | <u>455,520</u> | <u>2,307,155</u> |
| Net book value | | | | | |
| At 31 December 2021 | <u>571,834</u> | <u>170,533</u> | <u>10,272</u> | <u>89,555</u> | <u>842,194</u> |
| At 31 December 2020 | <u>668,870</u> | <u>159,113</u> | <u>22,556</u> | <u>107,207</u> | <u>957,746</u> |

14. Stocks

| | 2021 £ | 2020 £ |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables | 961,515 | 1,033,493 |
| Work in progress | 412,655 | 288,195 |
| Finished goods and goods for resale | 557,851 | 345,195 |
| | <u>1,932,021</u> | <u>1,666,883</u> |

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 2,424,509 | 1,499,239 |
| Other debtors | 35,740 | 96,640 |
| Prepayments and accrued income | 131,876 | 132,862 |
| Tax recoverable | 80,095 | - |
| | <u>2,672,220</u> | <u>1,728,741</u> |

16. Cash and cash equivalents

| | 2021 £ | 2020 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | <u>6,122,303</u> | <u>6,415,998</u> |

17. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------|------------------|----------------|
| Trade creditors | 492,653 | 147,785 |
| Corporation tax | - | 120,437 |
| Other creditors | 82,020 | 82,195 |
| Accruals and deferred income | 613,928 | 415,550 |
| | <u>1,188,601</u> | <u>765,967</u> |

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Deferred taxation

| | 2021 £ |
|---------------------------|----------------|
| At beginning of year | 138,521 |
| Charged to profit or loss | (30,391) |
| At end of year | 168,912 |

The provision for deferred taxation is made up as follows:

| | 2021 £ | 2020 £ |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | 173,776 | 142,405 |
| Other timing differences | (4,864) | (3,884) |
| | <u>168,912</u> | <u>138,521</u> |

19. Share capital

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Allotted, called up and fully paid | | |
| 607,817 Ordinary shares of £1.00 each | <u>607,817</u> | <u>607,817</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

All ordinary shares rank pari passu in all respects.

20. Reserves

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

AERO TEC LABORATORIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Contributions totalling £19,455 (2020 - £20,443) were payable to the fund at the Balance Sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Not later than 1 year | 303,130 | 300,000 |
| Later than 1 year and not later than 5 years | 1,131,341 | 1,200,000 |
| Later than 5 years | - | 175,000 |
| | <u>1,434,471</u> | <u>1,675,000</u> |

23. Related party transactions

The Company entered into the following transactions with companies in which P Regna has a controlling interest.

During the year, the Company made sales to the value of £42,044 (2020 - £3,039) and received goods to the value of £324,645 (2020 - £492,755). As at 31 December 2021, the Company was owed £8,217 (2020 - £985) from such companies. As at 31 December 2021, the Company owed £22,629 (2020 - £22,241). All trade was under normal commercial terms.

The Company incurred £300,000 (2020 - £300,000) of rental costs from a related party.

At the year end the Company owed P Regna £659 (2020 - £659).

24. Controlling party

The ultimate controlling party was P Regna.