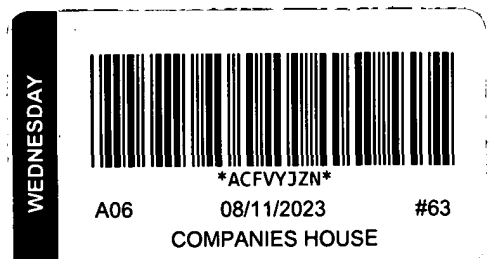


SC144767

# Darchem Engineering Limited

## Annual Report and Financial Statements

for the year ended 30 September 2022



## Company Information

### Directors

L Sabol  
A Dunbar  
S Wray

### Secretary

Taylor Wessing LLP

### Auditor

Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne NE1 4JD

### Bankers

HSBC Bank plc  
City of London Corporate Office  
62-76 Park Street  
London SE1 9WP

### Solicitors

Taylor Wessing LLP  
5 New Street Square  
London EC4A 3TW

### Registered Office

C/O Brodies LLP  
Capital Square  
58 Morrison Street  
Edinburgh EH3 8BP

## Strategic report

The directors present their strategic report for the year ended 30 September 2022.

### Principal activity and review of the business

Darchem is a world class engineering company providing products and services primarily to meet the needs of its customers for engineered solutions to high temperature/thermal engineering problems.

Darchem is a market leader in the design, manufacture (and, if required, installation) of a wide range of high integrity engineered products in stainless steel and titanium as well as thermal insulation systems for aerospace, motorsport, marine defence, nuclear and oil & gas applications.

Darchem holds BS EN ISO 9001 accreditation together with a wide range of specific company approvals from its worldwide customer base. The company is accredited with environmental approval BS EN 14001 at its main site. The company also holds NADCAP approvals for the following processes at its main site; welding, NDT, chemical processing and non-conventional machining.

More information on the company's activities can be found on the company website: [www.darchem.co.uk](http://www.darchem.co.uk).

The Strategic Report contains the Business review and Principal risks and uncertainties.

### Business review

The company's key financial and other performance indicators during the year were as follows;

	2022 £000	2021 £000	Change %
Turnover	135,153	108,073	25.1%
Operating profit	31,246	25,372	23.2%
Shareholders' funds	90,906	65,281	39.3%
Quick ratio	3.0	3.7	-18.9%
Average number of employees	705	692	1.9%

Reported turnover increased against the reported prior year, with the Company benefitting from continued increased volumes within the nuclear and marine sector. The aerospace commercial and aftermarket performance remained relatively flat year on year.

Operating profit was up 23.2% on the prior year predominately due to the margins generated from the increased turnover and the exchange rate benefit arising from the pound strengthening against the dollar.

Shareholders' funds have increased by 39.3% during the year, as a result of the retained profit for the year. No dividends were declared during the year (2021: £27,900,000)

The Company's quick ratio (current assets minus stock/current liabilities) shows a decrease over last year, but remains satisfactory, as we continue to keep tight controls on working capital.

The average number of employees has increased by 1.9% from last year. We continue to retain and invest in staff, in particular within the Nuclear sector.

### Future developments

The company will continue its focus on existing and new contracts within existing sectors, and pursue new avenues through research, development and technology.

## Strategic report (continued)

### Principal risks and uncertainties

#### *Competitive risk*

The company competes in an open market environment. The company's customers select suppliers based on a combination of factors including price, delivery, quality and reputation. The company reviews key performance indicators (KPIs) to monitor its competitive position. The company also aims to secure long term contracts with customers to help mitigate any risk.

#### *Financial risk management policy*

The company's principal financial instruments comprise cash and group loans. Other financial assets and liabilities, such as trade debtors, trade creditors and group balances, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

#### *Credit risk*

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides goods and services on extended terms. The company also loans money to fellow group undertakings but determines the risk as minimal that an element of this may not be recovered.

Company policies are aimed at minimising such losses, and require that extended terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant. Goods may be sold on a cash-with-order basis to mitigate credit risk.

#### *Liquidity risk*

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved at group level. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit financial statements.

#### *Foreign currency risk*

The company operates internationally and is exposed to foreign exchange risk, primarily the US dollar. As a result the value of company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general. The Company endeavours to mitigate any such exposure by purchasing stock components in the equivalent currency.

#### *Other risk - geopolitical*

The company has experienced very little in the way of disruption due to Brexit and the conflict in Ukraine. The company does not currently do business in Ukraine or Russia, and as such the Directors do not anticipate any specific risk relating to the events in those countries. The Directors are mindful of the wider economic impact of these events and will continue to monitor this for any future impact.

### Section 172(1) statement

The following sections serve as our section 172 statement. Section 172 of the Companies Act 2006 recognises that whilst companies are run for the benefit of the shareholders, a business's long-term success and reputation are dependent upon maintaining relationships with stakeholders and an appreciation of the external impact of its activities.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and are keen to ensure proper reflection on stakeholder engagement and issues at Board level and promote continuous reflection on opportunities for development.

## Strategic report (continued)

### Section 172(1) statement (continued)

#### **Board composition and decision making**

The Board is comprised of a cross functional team with a variety of skills and experiences and listed below:

Alan Dunbar – President

Stuart Wray – VP of Finance

Liza Sabol – Treasurer and TransDigm representative

The Board is supported in its day to day running of the company by a senior management team which meets on a regular basis, during which feedback from various business areas, with particular focus on specific stakeholder groups, business performance and ongoing review of the long-term strategy of the company.

The company has established a decision-making process with delegated authority which is followed at all times. This decision-making process is embedded into the day to day operations of the business and ensures decisions are made at the right level involving cross functional teams. In addition to this the Board and Senior Executives will also review and approve significant and strategic projects.

Key stakeholders and details of how the company engages with them, to ensure the long-term success of the company, is detailed below:

#### **Employees**

The Board recognises that employees are a fundamental part of the business and key to driving its success.

Members of the Board and the senior management team are accessible to the employees on a daily basis and work closely with colleagues, welcoming open dialogue and regular engagement.

The company is committed to regular communications and discussions with employees on those matters relating to their work and the company's business progress. This is undertaken through a variety of formal and informal meetings between employees and management across various platforms.

The Board aims to encourage equal opportunities in employment regardless of example age, gender, disability, pregnancy and maternity, race (including colour, nationality, and ethnic or national origins). This is supported by the company's Code of Conduct and Ethics policy.

Employee wellbeing as always been a key priority for the board and senior management. Accordingly the company provides access to a wellbeing and employee assistance program aimed at supporting employees in their work and personal life.

#### **Suppliers**

The Board acknowledges that to deliver on the company's strategy and ensure the delivery of high quality products and service, engagement and a strong mutually beneficial relationship with suppliers is required. The company is committed to fair treatment and payment of suppliers whenever possible within agreed payment terms.

The company has a dedicated procurement team that maintain a high level of open dialogue and communication with suppliers to ensure they continue to thrive and provide continuity of supply and understand our clear expectations of our suppliers. Information about key suppliers is provided to the Board and senior management when relevant to company deliberations.

#### **Customers**

It is critical to the future success of the Company that we build and maintain deep, long-lasting and committed relationships with our customers.

We do this through a dedicated customer accounts team, which interface with our customers on a regular basis and are responsible for the day to day management.

The Company holds regular open dialogue and communications with customers, and all employees strive to maintain 100% quality and on time delivery metrics. As noted earlier in the Strategic Report, TransDigm Group core operating strategies drive the business to be customer-focussed, and these value drivers are a strong influence on daily operating activities.

## Strategic report (continued)

### Section 172(1) statement (continued)

#### *Parent company*

The company has a responsibility to deliver shareholder wealth to TransDigm Group Inc., which then allows the Group to fulfil its commitments to investors. The parent company is involved in the strategic decision making of the company, and is also involved in the company's business planning process.


Both the company and TransDigm Group Inc. recognise the importance of reputation and ensuring that the company maintains high standards of business conduct, and regular employee training is delivered to uphold these standards throughout the workforce.

#### *Environment and Community*

The company has achieved BS EN ISO 9001 certification, which includes environmental management systems, and the directors are constantly striving to reduce carbon emissions and waste generated in production processes. For more information please refer to the Energy and Carbon report within the Directors' report.

As part of the company's responsibility to the wider community, the company regularly donates to local fundraising events. During the pandemic the company donated funds to the local school to assist with the purchase of IT equipment to aid online tutoring of pupils.

Approved by the Board on 7<sup>th</sup> November 2023 and signed on its behalf by:



S Wray

Director

7<sup>th</sup> November 2023

Registered No. SC144767

## Directors' report

The directors present their report and financial statements for the year ended 30 September 2022.

Certain information, including principal activities, review of business and financial risks is not shown in the Directors' report because it is shown in the Strategic report instead under S414 C (11).

### Results and dividends

The profit for the year after tax amounted to £25,625,000 (2021 – £23,974,000). No Dividends were paid during the year (2021 – £27,900,000).

### Research and development

Research and development activities are directed principally towards the development of new products and improving the performance and cost effectiveness of existing products.

### Directors

The directors who served the company during the year, and subsequent to the year end, were as follows:

A Dunbar (appointed 30 June 2022)

L Sabol

R Betts (resigned 30 June 2022)

S Wray

### Policy and practice on payment of creditors

The company agrees with suppliers the terms and conditions under which business transactions are conducted, including terms of payment. It is company policy that payments to suppliers are made in accordance with agreed terms unless the supplier fails to honour its obligations. At 30 September 2022 the company had an average of 40 days (2021 – 41 days) purchases outstanding in trade creditors.

### Employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

If an existing employee becomes disabled, it is the company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

During the year the policy of providing information about the company has been achieved through the production and distribution on a regular basis of news bulletins for employees. Regular meetings are held between management and employees to allow a free flow of information and ideas.

### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. During the year the company generated Profit after tax of £25.6m (2021: £24.0m). At 30 September 2022, the company had £5.4m (2021: £10.0m) of cash at bank and in hand. The company had no external long-term or short-term borrowings. In addition, in the financial statements for the year ended 30 September 2022, the company has an intercompany loan due from a Group undertaking of £7.6m which is repayable on demand.

The company has considerable financial resources, including cash balances and has a number of long-term contracts with customers across different segments and geographical areas which give rise to a steady revenue and cash inflow.

## Directors' report (continued)

### Going concern (continued)

The Directors have prepared sensitivity analysis and cash flow forecasts for a period of one year from the date of approval of the financial statements, being the going concern period, supporting their conclusions. Such forecasts consider the following:

- The planned extent of capital expenditure and future investment across the company.
- The wider economic impact of events in Russia and Ukraine in particular energy prices and rising costs of inflation.
- The company's working capital requirements over the period.

These forecasts indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period.

However, the Directors are aware of the Group's Treasury policy, which may require funds to be transferred to other group entities or dividends to be paid. Consequently, the company has obtained a letter of support from the parent company, TransDigm Group Inc., that confirms that the parent company will provide financial support to the company to assist in meeting its liabilities to the extent that funding is not otherwise available to the company to meet such liabilities. The parent company has confirmed its ability to provide such support for the period of one year from the date of approval of the financial statements. The Directors have reviewed and considered the financial position of TransDigm Group Inc., and are satisfied that TransDigm Group Inc. is able to provide any support that may be required.

Based upon the forecasts, and the letter of support, the Directors have concluded that the company has adequate resources to continue to meet its liabilities as they fall due for a period of one year from the date of approval of the financial statements. Therefore, the Directors are satisfied they have a reasonable basis upon which to conclude that it remains appropriate to prepare the financial statements on a going concern basis.

### Corporate Governance

The company has not applied a specific corporate governance code during the financial year. However as a subsidiary of TransDigm Group Inc., the US parent company, it operates in accordance with its parent company's corporate governance expectations and code of ethics. The company also complies with all relevant UK law, such as the Bribery Act 2010, and the Quality Management standard requirements of BS EN ISO 9001.

### Energy and Carbon Report

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires the company to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from Streamlined

Energy and Carbon Reporting ("SECR") regulated sources. Energy and GHG emissions have been independently calculated by TDJ Services Ltd for the year to 30 September 2022.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, natural gas, and business travel in company-owned or employee-owned cars.

The company is committed to ensuring environment and energy factors are continually monitored. Darchem currently hold ISO 50001:2018 certification and are audited to this standard by a third party on an annual basis. There has been a significant effort within the last year to push forward with green planning. 2023 will see Darchem Engineering kick off with a green team, solely focused on green energy and environmental initiatives across the business.

The table below details all GHG Scope 1 and 2 emission sources from the current reporting period. Energy consumption is expressed in kilowatt-hours ("kWh") and emissions in tonnes of carbon dioxide equivalents ("tCO<sub>2</sub>e").

## Directors' report (continued)

### Energy and Carbon Report (continued)

	2022	2021
	<i>MWh</i>	<i>MWh</i>
<b>Energy</b>		
Natural gas	4,003	4,636
Gas and oil	1,851	1,216
Electricity	4,208	4,005
Solar	31	58
Transport	858	618
<b>Total Energy (MWh)</b>	<b>10,951</b>	<b>10,533</b>
	2022	2021
	<i>tCO<sub>2</sub>e</i>	<i>tCO<sub>2</sub>e</i>
<b>Emissions</b>		
Natural gas	731	849
Gas and oil	475	312
Electricity	814	850
Transport	206	146
<b>Total SECR emissions (tCO<sub>2</sub>e)</b>	<b>2,226</b>	<b>2,157</b>
SECR emissions per intensity metric (tCO <sub>2</sub> e / turnover £m)	16.5	20.0

#### Energy Efficiency Actions

The company is committed to reducing its environmental impact and contribution to climate change through increased energy management and raising awareness with employees. During the reporting period, detailed energy audits, as part of the Energy Savings Opportunities Scheme ("ESOS") regulations, were commissioned to establish an energy efficiency action plan. The company has continued converting legacy lighting into energy-efficient lighting as it gradually refurbishes its head office and distribution centre.

The company continued to encourage the use public transport whenever possible for visiting Company sites, customer and supplier meetings, along with continuous improvements and investment in IT infrastructure to allow for more virtual meetings and less travel costs.

#### Methodology

The company employs the Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance: 2019 to interpret, analyse and display energy data.

#### Disclosure of information to the 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Directors' report (continued)

### Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board



S Wray  
Director

7<sup>th</sup> November 2023

## Statement of directors' responsibilities

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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting standard applicable in the UK and the 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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## **Independent auditor's report**

**to the members of Darchem Engineering Limited**

### **Opinion**

We have audited the financial statements of Darchem Engineering Limited for the year ended 30 September 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 one year from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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## **Independent auditor's report**

**to the members of Darchem Engineering Limited**

### **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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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 10, 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.

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## **Independent auditor's report**

**to the members of Darchem Engineering Limited**

### **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.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to health and safety, employee matters environmental and bribery and corruption practices.
- We understood how Darchem Engineering Limited is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal and compliance procedures, to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes and papers provided to the Board and made inquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the company, as well as consideration of the results of our audit procedures across the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was a susceptibility to fraud. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud and error. Specifically, we identified a fraud risk in relation to revenue recognition due to incorrect timing of recognition either through manipulation of long-term contract accounting or year-end revenue cut off. We performed detailed audit procedures over long-term contract accounting, including deferred and accrued income accounts, paying particular attention to contract terms, costs incurred and forecast contract costs and historical forecasting accuracy of contracts to ensure revenue recognised on such contracts was appropriate. We tested revenue cut off, through selecting a sample of items and validated these to invoice and other evidence to demonstrate the timing of revenue recognition was appropriate. In addition, we tested manual journals in order to address the risk of management override.

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## Independent auditor's report

to the members of Darchem Engineering Limited

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. In addition to those set out above, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and UK legislation.

A further description of our responsibilities for the audit of the financial statements is located 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.

Ernst and Young LLP

Stephanie Beaumont (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Newcastle upon Tyne  
Date 7 November 2023

## Income Statement

for year ended 30 September 2022

	Notes	2022 £000	2021 £000
<b>Turnover</b>	2	135,153	108,073
Cost of sales		<u>(90,956)</u>	<u>(69,376)</u>
<b>Gross profit</b>		44,197	38,697
Distribution costs		(373)	(263)
Administrative expenses		(12,578)	(13,664)
Other operating income	3	-	602
<b>Operating profit</b>	3	31,246	25,372
Interest payable and similar charges	7	(81)	(38)
Interest receivable and similar income	8	552	622
<b>Profit before taxation</b>		31,717	25,956
Taxation	9	<u>(6,092)</u>	<u>(1,982)</u>
<b>Profit after taxation</b>		<u>25,625</u>	<u>23,974</u>

All of the activities of the company are classed as continuing.

## Statement of Comprehensive Income

for year ended 30 September 2022

There are no other items of comprehensive income other than the profit of £25,625,000 in the year to 30 September 2022 (2021 – £23,974,000).

## Statement of Changes in Equity

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 30 September 2020	12,927	1,687	54,593	69,207
Profit for the year	-	-	23,974	23,974
Dividends paid during the year	-	-	(27,900)	(27,900)
At 30 September 2021	<u>12,927</u>	<u>1,687</u>	<u>50,667</u>	<u>65,281</u>
Profit for the year	-	-	25,625	25,625
Dividends paid during the year	-	-	-	-
At 30 September 2022	<u>12,927</u>	<u>1,687</u>	<u>76,292</u>	<u>90,906</u>

## Statement of Financial Position

at 30 September 2022

	<i>30 September</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>
	<i>Notes</i>	<i>£000</i>
	<i>£000</i>	<i>£000</i>
<b>Fixed assets</b>		
Tangible assets	11 18,969	19,727
<b>Current assets</b>		
Stocks	12 20,190	12,622
Debtors	13 74,873	38,512
Cash at bank and in hand	5,350	10,025
	<u>100,413</u>	<u>61,159</u>
<b>Creditors: amounts falling due within one year</b>	14 <u>(26,278)</u>	<u>(13,084)</u>
<b>Net current assets</b>	<u>74,135</u>	<u>48,075</u>
<b>Total assets less current liabilities</b>	93,104	67,802
<b>Creditors: amounts falling due in greater than one year</b>	15 (1,987)	(2,261)
<b>Provisions for liabilities</b>		
Deferred taxation	9 (211)	(260)
<b>Net assets</b>	<u>90,906</u>	<u>65,281</u>
<b>Capital and reserves</b>		
Called up share capital	16 12,927	12,927
Share premium	22 1,687	1,687
Profit and loss account	22 76,292	50,667
<b>Shareholders' funds</b>	<u>90,906</u>	<u>65,281</u>

The financial statements were approved for issue by the Board of directors and signed on their behalf by:



S Wray

Director

7<sup>th</sup> November 2023

## Notes to the financial statements

at 30 September 2022

### 1. Accounting policies

#### **Statement of compliance**

Darchem Engineering Limited is a private limited liability company, limited by shares, incorporated in England. The Registered Office is C/O Brodies LLP Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 30 September 2022.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Section 33.7 and 33.1A Related Party Disclosures

The group in which the results of the company are consolidated is TransDigm Group Inc.

Consolidated financial statements of TransDigm Group Inc. may be obtained from TransDigm Group Inc., The Tower at Erieview, 1301 East 9<sup>th</sup> St., Suite 3000, Cleveland, OH 44114.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards.

The accounting principles used to prepare the financial statements are based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling which is the functional currency of the company, and are rounded to the nearest thousand.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. During the year the company generated Profit after tax of £25.6m (2021: £24.0m). At 30 September 2022, the company had £5.4m (2021: £10.0m) of cash at bank and in hand. The company had no external long-term or short-term borrowings. In addition, in the financial statements for the year ended 30 September 2022, the company has an intercompany loan due from a Group undertaking of £7.6m which is repayable on demand.

The company has considerable financial resources, including cash balances and has a number of long-term contracts with customers across different segments and geographical areas which give rise to a steady revenue and cash inflow.

The Directors have prepared sensitivity analysis and cash flow forecasts for a period of one year from the date of approval of the financial statements, being the going concern period, supporting their conclusions. Such forecasts consider the following:

- The planned extent of capital expenditure and future investment across the company.
- The wider economic impact of events in Russia and Ukraine in particular energy prices and rising costs of inflation.
- The company's working capital requirements over the period.

These forecasts indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period.

## Notes to the financial statements

at 30 September 2022

### 1. Accounting policies (continued)

#### *Going concern (continued)*

However, the Directors are aware of the Group's Treasury policy, which may require funds to be transferred to other group entities or dividends to be paid. Consequently, the company has obtained a letter of support from the parent company, TransDigm Group Inc., that confirms that the parent company will provide financial support to the company to assist in meeting its liabilities to the extent that funding is not otherwise available to the company to meet such liabilities. The parent company has confirmed its ability to provide such support for the period of one year from the date of approval of the financial statements. The Directors have reviewed and considered the financial position of TransDigm Group Inc., and are satisfied that TransDigm Group Inc. is able to provide any support that may be required.

The Directors have prepared sensitivity analysis and cash flow forecasts for a period of one year from the date of approval of the financial statements, being the going concern period, supporting their conclusions. Such forecasts consider the following:

- The planned extent of capital expenditure and future investment across the company.
- The wider economic impact of events in Russia and Ukraine in particular energy prices and rising costs of inflation.
- The company's working capital requirements over the period.

These forecasts indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period.

However, the Directors are aware of the Group's Treasury policy, which may require funds to be transferred to other group entities or dividends to be paid. Consequently, the company has obtained a letter of support from the parent company, TransDigm Group Inc., that confirms that the parent company will provide financial support to the company to assist in meeting its liabilities to the extent that funding is not otherwise available to the company to meet such liabilities. The parent company has confirmed its ability to provide such support for the period of one year from the date of approval of the financial statements. The Directors have reviewed and considered the financial position of TransDigm Group Inc., and are satisfied that TransDigm Group Inc. is able to provide any support that may be required.

Based upon the forecasts, and the letter of support, the Directors have concluded that the company has adequate resources to continue to meet its liabilities as they fall due for a period of one year from the date of approval of the financial statements. Therefore, the Directors are satisfied they have a reasonable basis upon which to conclude that it remains appropriate to prepare the financial statements on a going concern basis.

#### *Tangible fixed assets*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives, as follows:

Freehold buildings	– 50 years
Leasehold land and buildings	– over the lease term
Plant and machinery	– 3 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

## Notes to the financial statements

at 30 September 2022

### 1. Accounting policies (continued)

#### *Long-term contracts*

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in prior years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments received on account.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Short term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and any gains or losses on translation are taken to the profit and loss account.

#### *Leasing commitments*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have passed to the company are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and the finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### *Post-retirement benefits*

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

#### *Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

**Notes to the financial statements**

at 30 September 2022

**1. Accounting policies (continued)**

**Share-based payments**

Certain employees have been granted share options in the ultimate parent undertaking. The fair value of options granted, if material, is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the "Black-Scholes" option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the income statement, if material, is adjusted at each balance sheet date to reflect the number of share options that vest revised for expected leavers and estimated achievement of non-market based vesting conditions.

**Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The company considered that the Coronavirus Job Retention Scheme in the UK in relation to Covid-19 met the definition of government grants in accordance with FRS102. Grants relating to expenditure on tangible fixed assets are credited to deferred income and amortised to the income statement over the useful economic lives of the assets to which they relate. Grants of a revenue nature are credited to income in the year to which they relate.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

**Taxation**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9. Furthermore, at 30 September 2022, the company has a CIS receivable from HMRC of £6.7 million, which remains outstanding at the date of approval of the financial statements. The company has taken professional advice to provide appropriate evidence to HMRC and considers the amount to be fully recoverable.

**Long term contracts**

The Company estimates the stage of completion in order to determine revenue to be recognised. This is based on an estimate of costs to complete the project and factors in due considerations of changes in scope that may arise during the projects.

## Notes to the financial statements

at 30 September 2022

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. An analysis of turnover by geographical market is given below.

	2022 £000	2021 £000
United Kingdom	111,009	72,036
Rest of Europe	11,919	16,737
USA and Canada	9,378	14,390
Rest of World	2,847	4,910
	<u>135,153</u>	<u>108,073</u>

### 3. Operating profit

This is stated after charging/(crediting):

	2022 £000	2021 £000
Auditor's remuneration	144	122
Depreciation of owned fixed assets (see note 11)	2,259	2,301
Depreciation of assets held under finance leases and hire purchase contracts (see note 11)	259	259
Operating lease rentals – plant and machinery	94	101
Research and development, net of RDEC	(66)	(223)
Government grants	(56)	(56)
Coronavirus Job Retention Scheme Grant	-	(602)
Restructuring costs	-	577
Exchange (gains)/losses	(1,754)	1,433
Loss on disposal of fixed assets	-	377

### 4. Directors' remuneration

	2022 £000	2021 £000
Remuneration	<u>485</u>	<u>459</u>
Company contributions paid to defined contribution pension schemes	<u>40</u>	<u>26</u>
	<i>No.</i>	<i>No.</i>
Members of the money purchase pension schemes	<u>2</u>	<u>3</u>

The highest paid director received remuneration of £254,000 (2021 - £181,000). Company contributions paid to money purchase pension schemes with respect to this director were £11,000 (2021 - £12,000). In addition, 1 Director exercised share options during the year issued by the ultimate parent (2021 - 1 Director exercised share options). In the director's opinion, the costs associated with the director not based in the United Kingdom are not material and therefore no remuneration is included for their services as directors.

## Notes to the financial statements

at 30 September 2022

### 5. Staff costs

	2022	2021
	£000	£000
Wages and salaries	35,867	29,951
Social security costs	3,762	2,913
Other pension costs (note 18)	1,352	1,207
	<u>40,981</u>	<u>34,071</u>

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

	No.	No.
Manufacturing	561	551
Administration	144	141
	<u>705</u>	<u>692</u>

### 6. Government grants

The company has benefitted from a number of government support packages during 2022 in relation to the Covid-19 pandemic. Income received under furlough support schemes (Coronavirus Job Retention Scheme) amounting to £nil (2021 - £602,000) meets the definition of government grants and has been presented within other operating income. Amounts received in the year are shown below:

	2022	2021
	£000	£000
At 30 September 2021	-	(236)
Received during the year	-	838
Released to the income statement	-	(602)
At 30 September 2022	<u>-</u>	<u>-</u>

### 7. Interest payable and similar charges

	2022	2021
	£000	£000
Finance charges payable under finance leases	31	37
Other interest payable	50	1
	<u>81</u>	<u>38</u>

### 8. Interest receivable and similar income

	2022	2021
	£000	£000
Bank interest receivable	1	10
Interest receivable from group undertakings	551	612
	<u>552</u>	<u>622</u>

## Notes to the financial statements

at 30 September 2022

### 9. Taxation

(a) Tax on profit

The tax charge is made up as follows:

	2022 £000	2021 £000
<b>Current tax:</b>		
UK corporation tax	5,751	2,053
Adjustments in respect of prior years	390	(368)
Total current tax	<u>6,141</u>	<u>1,685</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	234	210
Adjustment in respect of previous periods	(357)	25
Effects of changes in tax rates	74	62
Total deferred tax (note 9(c))	<u>(49)</u>	<u>297</u>
Tax on profit	<u>6,092</u>	<u>1,982</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	<u>31,717</u>	<u>25,956</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	6,026	4,932
<b>Effects of:</b>		
Expenses not deductible for tax purposes	60	119
Income not taxable	(102)	(37)
Group relief not paid for	-	(2,631)
Adjustments to tax charge in respect of prior years	33	(343)
Impacts of rate changes	75	62
Share options adjustments	-	(63)
Effects of fixed asset super-deduction	-	(57)
Total tax expense (note 9(a))	<u>6,092</u>	<u>1,982</u>

(c) Deferred tax

Deferred tax has been provided at a rate of 25% (2021: 25%) following the decision that the UK corporation tax rate should increase to 25% (effective from 1 April 2023 and substantively enacted on 24 May 2022).

	£000
At 30 September 2021	(260)
Adjustment in respect of prior years	357
Charge to the income statement during the year (note 9(a))	<u>(308)</u>
At 30 September 2022	<u>(211)</u>

## Notes to the financial statements

at 30 September 2022

### 9. Taxation (continued)

The elements of deferred taxation are as follows:

	2022	2021
	£000	£000
Differences between accumulated depreciation and amortisation and capital allowances	(330)	(301)
Other timing differences	119	41
Deferred tax liability	<u>(211)</u>	<u>(260)</u>

### 10. Dividends

	2022	2021
	£000	£000
Equity shares: Dividend paid	<u>-</u>	<u>27,900</u>

### 11. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Short-leasehold land and buildings</i>	<i>Plant and machinery</i>	<i>Assets Under Construction</i>	<i>Total</i>
	£000	£000	£000	£000	£000
Cost:					
At 30 September 2021	14,671	639	26,014	156	41,480
Additions	212	77	1,363	108	1,760
Transfers	-	-	156	(156)	-
At 30 September 2022	<u>14,883</u>	<u>716</u>	<u>27,533</u>	<u>108</u>	<u>43,240</u>
Depreciation:					
At 30 September 2021	5,085	323	16,345	-	21,753
Charge for the year	588	67	1,863	-	2,518
At 30 September 2022	<u>5,673</u>	<u>390</u>	<u>18,208</u>	<u>-</u>	<u>24,271</u>
Net book value:					
At 30 September 2022	<u>9,210</u>	<u>326</u>	<u>9,325</u>	<u>108</u>	<u>18,969</u>
At 30 September 2021	<u>9,586</u>	<u>316</u>	<u>9,669</u>	<u>156</u>	<u>19,727</u>

The net book value of freehold land and buildings includes £1,166,000 (2021 - £1,425,000) in respect of a sale and leaseback of a property resulting in a finance lease.

## Notes to the financial statements

at 30 September 2022

### 12. Stocks

	2022	2021
	£000	£000
Raw materials and consumables	6,190	6,856
Work in progress	11,608	4,061
Finished goods and goods for resale	2,392	1,705
	<u>20,190</u>	<u>12,622</u>

The following amounts are recorded in respect of long term contracts:

	2022	2021
	£000	£000
Amounts recoverable on contracts included in debtors	36,578	12,877
Deferred revenue on contracts included in creditors	1,265	2,969

### 13. Debtors

	2022	2021
	£000	£000
Trade debtors	21,603	14,447
Loans to group undertakings	8,246	7,695
Other debtors	7,272	2,470
Prepayments and accrued income	1,168	1,010
Amounts recoverable on contracts	36,578	12,877
Amounts owed from group undertakings	6	13
	<u>74,873</u>	<u>38,512</u>

### 14. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	11,370	6,314
Amounts owed to group undertakings	1,900	58
Obligations under finance leases and hire purchase agreements (note 19)	274	269
Tax and social security costs	1,768	117
Other creditors	289	277
Accruals and deferred income	3,761	5,232
Corporation tax	6,916	817
	<u>26,278</u>	<u>13,084</u>

## Notes to the financial statements

at 30 September 2022

### 15. Creditors: amounts falling due greater than one year

	2022	2021
	£000	£000
Obligations under finance leases and hire purchase agreements (note 19)	1,009	1,283
Deferred grants	922	978
Accruals and deferred income	56	-
	<u>1,987</u>	<u>2,261</u>

The company was previously awarded a grant to implement the building of a new engineering and manufacturing facility. The grant is recognised to income over the useful economic life of the facility. During the year £56,000 (2021 - £56,000) was credited to the Income Statement.

### 16. Issued share capital

	2022		2021	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	12,927,000	<u>12,927</u>	12,927,000	<u>12,927</u>

### 17. Guarantees and commitments

- (a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2022	2021
	£000	£000
Contracted	<u>275</u>	<u>441</u>

- (b) The company has underwritten the financial liability of certain employees at the year-end relating to an employee car ownership scheme amounting to £155,000 (2021 - £146,000)

### 18. Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,352,000 (2021 - £1,207,000). Contributions amounting to £285,000 (2021 - £258,000) were payable to the scheme and included in creditors.

## Notes to the financial statements

at 30 September 2022

### 19. Obligations under leases

The company's commitments to future minimum lease payments due under finance leases are as follows:

	2022	2021
	£000	£000
Amounts Payable:		
Within one year	300	300
In two to five years	1,050	1,200
Over 5 Years	-	150
	<u>1,350</u>	<u>1,650</u>
Less: finance charges allocated to future years	(67)	(98)
	<u>1,283</u>	<u>1,552</u>

The company has future minimal rentals payable under non-cancellable operating leases as set out below:

	2022		2021	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	54	-	78
In two to five years	-	16	-	53
Over five years	-	-	-	-
	<u>-</u>	<u>70</u>	<u>-</u>	<u>131</u>

### 20. Related party transactions

The company has not disclosed transactions with other Group companies or key management personnel, as it has taken advantage of the exemption contained within FRS 102.33.1A and FRS102.33.7 on the grounds that the subsidiaries are wholly owned.

### 21. Ultimate parent undertaking and controlling party

The immediate parent company is Darchem Holdings Limited, a company incorporated in Scotland.

The directors consider the ultimate parent undertaking and controlling party to be TransDigm Group Inc., a company incorporated in the United States of America. This is the parent of the largest group for which financial statements are prepared and of which the company is a member.

The group financial statements, which include the company, may be obtained from:

TransDigm Group Inc.  
The Tower at Erieview  
1301 East 9th St.  
Suite 3000  
Cleveland, OH 44114

## Notes to the financial statements

at 30 September 2022

### 22. Reserves

*Share premium account*

The reserve records the amount above the nominal value received for shares sold, less transaction costs.

*Profit and loss account*

This records cumulative amount of profits and losses less and dividend distributions paid.

### 23. Financial Instruments

	2022	2021
	£000	£000
<i>Financial assets measured at amortised cost</i>		
Trade debtors	21,603	14,447
Loans to group undertakings	8,246	7,695
Amounts recoverable on contracts	36,578	12,877
Other debtors	7,272	2,470
Cash	5,350	10,025
Amounts due from group undertakings	<u>6</u>	<u>13</u>

	2022	2021
	£000	£000
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	11,370	6,314
Amounts owed to group undertakings	1,900	58
Obligations under finance leases and hire purchase agreements	1,283	1,552
Accruals, other creditors and tax and social security	<u>5,818</u>	<u>5,626</u>