

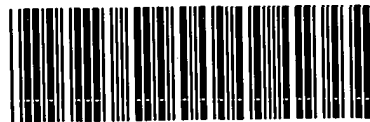
Company Registration No: 01198102

GLENAIR UK LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2022

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GLENAIR UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

Officers and professional advisers	1
Strategic Report	2
Director's Report	5
Director's responsibilities statement	8
Independent auditor's report	9
Consolidated profit and loss account	13
Consolidated statement of comprehensive income	13
Consolidated balance sheet	14
Company balance sheet	15
Consolidated statement of changes in equity	16
Company statement of changes in equity	17
Consolidated cash flow statement	18
Notes to the financial statements	19

GLENAIR UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T J Gaffney
Y Boralessa

COMPANY SECRETARY

T J Sheward

REGISTERED OFFICE

40 Lower Oakham Way
Oakham Business Park
Mansfield
Nottinghamshire
NG18 5BY

BANKERS

National Westminster Bank Plc
Corporate Banking
PO Box 7895
6th Floor, Cumberland Place
Nottingham
NG1 7LZ

SOLICITORS

Shacklocks Solicitors
St Peter's House
Bridge Street
Mansfield
NG18 1AL

AUDITOR

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
LS1 2AL

GLENAIR UK LIMITED

STRATEGIC REPORT

The directors present their strategic report for the company and its subsidiaries (together 'the group') for the year ended 30 September 2022.

Business review

The group continues to make significant investments in capital equipment and workspace to support new product introductions and growth of existing product lines. Total additions during the year to machinery and land / buildings were £6.3m and £5.2m, respectively (2021: £2.4m and £7.0m). See footnote 9 for additional details.

The consolidated balance sheet on page 14 shows that the group's financial position in net assets has increased to £117.8m (2021: £98.0m). This movement is a result of profits in the year of £19.1m (2021: £13.6m), and foreign currency translation gain of £0.7m (2021 loss: £1.5m), as shown in the consolidated profit and loss account and consolidated statement of comprehensive income on page 13.

The directors consider the following to be the key financial performance indicators of the group:

	2022	2021
	£m	£m
Turnover	170.2	142.9
Operating profit	23.9	17.7
Net Cash	16.4	28.9

Turnover has increased by 19.1% by expanding in primary applications such as airframe, avionics, ground vehicles and tanks, homeland security, naval, oil/gas exploration, missile systems, radar systems and satellite/space programs.

Operating profit was higher, with the operating profit margin increasing to 14.1% (2021: 12.4%). We achieve this by maintaining a flexible cost structure to respond to market changes. We work fairly but prudently with suppliers and vendors to ensure reasonable costs for materials and services.

The net cash position has reduced in the year to £16.4m (2021: £28.9m) due to increases in inventory levels and spending on fixed assets. Full details of which are shown in the consolidated cash flow statement on page 18.

The quality of the Company's parts is measured and tracked by the Company based on the number of returns it receives from customers on parts delivered. The Company aims to achieve a quality target of at least 99.50%, of which the Company achieved a rating of 99.84% in 2021 and 99.90% in 2022.

The group's directors believe that further non-financial key performance indicators for the group are not necessary or appropriate for an understanding of the development, performance or position of the business.

Future developments

The Russia-Ukraine war has heightened businesses to assess their risk and exposure with counterparties located in Russia or Ukraine. The group does not have any material suppliers based in Russia or Ukraine and therefore is not exposed from a materials source perspective to the effects of the Russia-Ukraine war. Furthermore, from a sales perspective, Glenair has always been diligent in the customer base it serves and complying with government sanctions and rules. Therefore, the directors do not expect the Russia-Ukraine war to have a material impact on the group's results.

Events post balance sheet date

There are no material post balance sheet events that took place to the date these financial statements were issued.

Principal risks and uncertainties

The group remains at risk from competitive pressure mainly from low-cost economies. The group manages this risk by keeping up to date on market information, maintaining strong relationships and providing a value-added service to its customers.

A significant amount of sales are in foreign currencies (US\$ & €) and therefore the group is exposed to a rate change in these currencies. The group monitors its exposure on a regular basis, and the risk is mitigated by natural hedges.

Cybersecurity incidents affecting our information technology systems could disrupt business operations, resulting in adverse impacts to our reputation and operating results and potentially leading to litigation and/or governmental investigations. The group has clear policies and procedures following industry standards to manage risk and improve our cybersecurity posture. Controlled penetration tests of all systems are performed regularly to mitigate unknown access points into their systems.

While there are risks and uncertainties anticipated to result from the continued impact of COVID-19, these risk and uncertainties are not anticipated to have a material impact on the business.

GLENAIR UK LIMITED

STRATEGIC REPORT (continued)

Going concern

The Directors have performed and carefully considered revised forecast scenarios of varying severity to stress test the resilience of the group's cash flows and trading performance. All scenarios provided sufficient comfort to the Directors.

The strong net cash position of the group is expected to provide the group with reasonable headroom throughout the forecast period, being a period of at least twelve months from the date of approval of the financial statements.

In addition to the above, the group has a very well-balanced portfolio between different industries, and while no issues have been experienced with regards to the group's supply chain, the group has significant raw materials in case of any future disruption. As a consequence, the Directors believe the group is well placed to manage its business risks successfully.

The Directors, having reviewed projected cash flows, have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Interest-bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance.

Section 172 Statement and Stakeholder Engagement

In accordance with section 172(1) of the Companies Act 2006, the Directors act in the way that they consider, in good faith, would most likely promote the success of the group for the benefit of its members as a whole having regard to the stakeholders set out in section 172(1) of the Companies Act 2006.

Key stakeholders of the group are its employees, suppliers, and customers. The Directors ensure the long-term vision and values of the group are adhered to through its communication of, and ensuring the group's decisions are based on, the guiding principles of the group. One of the key guiding principles of the group is building win-win business relationships which results in creating a positive benefit to each of its stakeholders.

Employees – Our people are fundamental to our success and we want them to be successful individually and as part of our team. The group aims to be a responsible employer as regards to, but not limited to, pay, benefits, and in particular, health and safety which is pivotal to the way the group does business. One of the key guiding principles is growing the Glenair family with quality people. This is achieved through a continued focus on the training and development of its employees to set them up with the ingredients to be successful. See further discussion around objectives intended to benefit the group's employees within the Directors' Report.

Suppliers – We believe our future success is dependent on the success of our supply chain and therefore build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. This has always been a focal

GLENAIR UK LIMITED

STRATEGIC REPORT (continued)

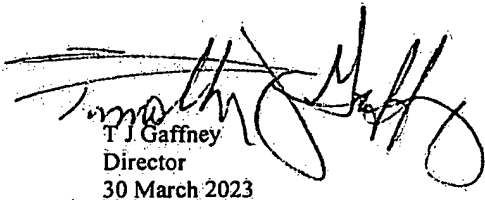
point for the group, and has proven to be a worthwhile investment given the global supply chain constraints that most companies and industries are impacted by in the current environment. We regularly meet with our key suppliers and discuss key areas of focus that include innovation, product development, health and safety, sustainability, and issues they are facing and implement processes and actions to address their feedback in order to continue to maintain a good standing win / win relationship with each of our supplier counterparties.

Customers – We have three guiding principles that are pivotal to our relationships with our customers, 1) Bow to the customer's convenience, 2) Protect the reputation of the organisation, and 3) Keep today's customer satisfied. These principles combined with our continuous efforts to solicit feedback from our customers regarding our current performance along with their future needs, allows us to position not only ourselves but our customers for future success. The group listens to the feedback from customers and makes its business decision to engage with its customers based on a long-term outlook. This approach has allowed the group to maintain long standing relationships with its customers.

Environment and Community – The company aims to minimise our impact on the environment by working hard to improve energy efficiencies (see page 6). We encourage local recruitment and foster strong relationships with local schools. The company operates apprenticeship schemes supported by local colleges.

Our Guiding Principles ensure that our reputation for high standards of business conduct is maintained and whilst we acknowledge that not every decision will have a positive outcome for all our stakeholders, we do consider the company's strategic priorities and values, and believe we have a decision making process in place to enable us to make consistent and predictable decisions;

Approved by the Board of Directors
and signed on behalf of the Board



T.J. Gaffney
Director
30 March 2023

GLENAIR UK LIMITED

DIRECTORS' REPORT

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

Details of future developments and financial risk management objectives and policies can be found in the Strategic report on page 2 and details of how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principle decisions taken by the company during the financial year can be found in the Strategic report on pages 3 and 4, and form part of this report by cross reference.

Principal activities

The principal activity of the group is the manufacture and supply of electronic components and interconnection systems. Glenair UK Limited is a wholly owned subsidiary of Glenair Inc. The UK group has principal operations in the UK, Italy, Germany, France, Sweden and Spain. There have not been any changes in the group's principal activities in the year under review.

Research and Development

During the year the group has continued to invest in the Research and Development of its product ranges. This investment will enable us to expand our European manufacturing capability in the areas of Hermetic connectors, Space hold-down release mechanisms and connectors for the Nuclear industry. This investment is considered by the directors to be of a medium-term and returns from this are expected in a similar timeframe.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes. The group has not used any derivative financial instruments to manage risk in the current or prior year.

Results and dividends

The audited financial statements for the year are set out on pages 13 to 36.

An indication of likely future developments in the business of the group is given in the strategic report.

No dividend has been proposed during the year (2021: £7.0m).

Directors

The directors who served during the year and subsequently, except as noted, were as follows:

A J Birks (Resigned 2nd September 2022)

T J Gaffney

Y Boralessa

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

There were no political donations made during the year (2021: none).

Supplier payment policy

The company's policy, which is also applied by the group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The group's average creditor days in the year were 29 days (2021: 26 days).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

GLENAIR UK LIMITED

DIRECTORS' REPORT (continued)

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. Employee representatives are consulted regularly on safety matters.

Annual Energy and Carbon Report

This report provides Glenair UK Limited's annual energy consumption and carbon dioxide emissions. The energy consumption and carbon dioxide emissions data are based on the Streamlined Energy and Carbon Reporting requirements provided by the Government.

	Year ending 30 September 2022	Year ending 30 September 2021
Energy consumption used to calculate emissions (kWh)	4,409,505	3,928,649
Emissions from combustion of gas (Scope 1) tCO ₂ e	226.62	257.63
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	56.30	28.05
Emissions from purchased electricity (Scope 2) tCO ₂ e	552.68	506.57
Emissions from business Travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	16.46	5.54
Total gross emissions in metric tonnes CO₂e	852.06	797.79
Intensity ratio: tCO ₂ e gross figure / GBP 1,000,000 revenue	12.32	14.05

Methodology – Emissions are calculated using the actual consumption and the Government conversion factors for company reporting of greenhouse gas emissions. We have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors.

Measures taken to improve energy efficiency - In our newly commissioned building, we have installed solar panels, the compressor house has been fitted with a hot air recovery system to supplement the factory heating, and skylights have been fitted in the roof to provide much of the daytime lighting. We have changed our vehicle policy so when petrol and diesel vehicles come up for replacement, they are being replaced with hybrid vehicles.

GLENAIR UK LIMITED

DIRECTORS' REPORT (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



T.J. Gaffney
Director
30 March 2023

GLENAIR UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Glenair UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Glenair UK Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheet;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 24.

The financial reporting framework that has been applied in the preparation of the parent company financial statements 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).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our procedures performed to address them are described below:

- **Revenue recognition:** There is risk that revenue is recognised in the incorrect period due to revenue being recognised before the risks and rewards have been transferred to the customer. We have assessed the design and implementation testing on the key controls management have in place to address the risk. Substantive testing procedures have been designed to address this risk and includes performing sample testing on despatches made either side of the year end and ensuring that revenue is recognised when risk has been transferred to the customer this has been performed by review the contractual rights with each customer; and
- **Inventory provision:** There is risk that due to the judgemental nature of the provision that this has been calculated in an incorrect manner which could result in it being misstated at the period end. We have assessed the design and implementation of the controls management have in place to address the risk. Substantive procedures performed to assess mathematical accuracy and any manual adjustments made in relation to the adherence of provisioning policy in addition to assessing the appropriateness of the provision policy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

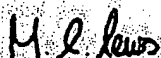
- adequate accounting records have not been kept by the parent company; or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.



Mark Lewis ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, UK

30 March 2023

GLENAIR UK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 30 September 2022

	Note	2022 £	2021 £
TURNOVER	3	170,186,209	142,879,508
Cost of sales		(110,575,059)	(91,015,898)
Gross profit		<u>59,611,150</u>	<u>51,863,610</u>
Administrative expenses		(35,663,728)	(34,171,676)
OPERATING PROFIT		<u>23,947,422</u>	<u>17,691,934</u>
Interest receivable and similar income		618,586	390,795
Interest payable and similar expenses	5	(125,006)	(149,046)
PROFIT BEFORE TAXATION	6	<u>24,441,002</u>	<u>17,933,683</u>
Tax on profit	7	(5,315,049)	(4,291,649)
PROFIT AFTER TAXATION		<u>19,125,953</u>	<u>13,642,034</u>

All activity derives from continuing operations.

The accompanying notes are an integral part of this consolidated profit and loss account.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2022

	2022 £	2021 £
Profit for the financial year	19,125,953	13,642,034
Currency translation differences on foreign currency net investments	659,684	(1,542,120)
Total comprehensive income relating to the year	<u>19,785,637</u>	<u>12,099,914</u>

The accompanying notes are an integral part of this consolidated statement of comprehensive income.

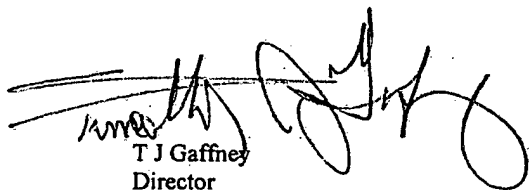
GLENAIR UK LIMITED

CONSOLIDATED BALANCE SHEET
As at 30 September 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Goodwill	8	243,226	325,953
Tangible assets	9	37,637,910	29,963,311
		<u>37,881,136</u>	<u>30,289,264</u>
CURRENT ASSETS			
Stocks	11	36,531,058	28,090,720
Debtors	12	66,010,434	43,136,010
Cash at bank and in hand		18,944,342	30,483,522
		<u>121,485,834</u>	<u>101,710,252</u>
TOTAL ASSETS		121,485,834	101,710,252
CREDITORS: Amounts falling due within one year	13	(34,510,562)	(26,797,997)
NET CURRENT ASSETS		<u>86,975,272</u>	<u>74,912,255</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		124,856,408	105,201,519
CREDITORS: Amounts falling due after more than one year	14	(7,067,411)	(7,198,159)
NET ASSETS		<u>117,788,997</u>	<u>98,003,360</u>
CAPITAL AND RESERVES			
Called-up share capital	17	650,000	650,000
Profit and loss account		113,326,334	94,200,381
Currency translation reserve		3,812,663	3,152,979
		<u>117,788,997</u>	<u>98,003,360</u>
SHAREHOLDER'S FUNDS		<u>117,788,997</u>	<u>98,003,360</u>

These financial statements were approved by the Board of Directors and authorised for issue on 30 March 2023.

Signed on behalf of the Board of Directors


T J Gaffney
Director

The accompanying notes are an integral part of this consolidated balance sheet.

Company Registration No. 01198102

GLENAIR UK LIMITED

COMPANY BALANCE SHEET As at 30 September 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	9	24,517,250	17,425,776
Investments	10	14,739,162	14,316,508
		<u>39,256,412</u>	<u>31,742,284</u>
CURRENT ASSETS			
Stocks	11	19,501,015	14,355,966
Debtors	12	39,122,439	22,566,772
Cash at bank and in hand		1,547,441	17,578,350
		<u>60,170,895</u>	<u>54,501,088</u>
CREDITORS: Amounts falling due within one year	13	<u>(8,383,789)</u>	<u>(8,684,437)</u>
NET CURRENT ASSETS		<u>51,787,106</u>	<u>45,816,651</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>91,043,518</u>	<u>77,558,935</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(4,423,309)</u>	<u>(3,588,936)</u>
NET ASSETS		<u>86,620,209</u>	<u>73,969,999</u>
CAPITAL AND RESERVES			
Called-up share capital	17	650,000	650,000
Profit and loss account		85,970,209	73,319,999
		<u>86,620,209</u>	<u>73,969,999</u>
SHAREHOLDER'S FUNDS			
		<u>86,620,209</u>	<u>73,969,999</u>

The company has taken advantage of the exemption within s408 of the Companies Act 2006 and, consequently, a profit and loss account for the company alone is not presented. The parent company's profit for the financial year amounted to £12,650,210 (2021: £9,491,628).

These financial statements were approved by the Board of Directors and authorised for issue on 30 March 2023.

Signed on behalf of the Board of Directors



T J Gaffney
Director

The accompanying notes are an integral part of this balance sheet.

Company Registration No. 01198102

GLENAIR UK LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 September 2022

	Called-up share capital £	Profit and loss account £	Currency translation reserve £	Total £
At 1 October 2020	650,000	87,558,347	4,695,099	92,903,446
Profit for the financial year	-	13,642,034	-	13,642,034
Other comprehensive expense	-	-	(1,542,120)	(1,542,120)
Total comprehensive income	-	13,642,034	(1,542,120)	12,099,914
Dividends	-	(7,000,000)	-	(7,000,000)
Total dividends and comprehensive income	-	6,642,034	(1,542,120)	5,099,914
At 30 September 2021	650,000	94,200,381	3,152,979	98,003,360
Profit for the financial year	-	19,125,953	-	19,125,953
Other comprehensive income	-	-	659,684	659,684
Total comprehensive income	-	19,125,953	659,684	19,785,637
At 30 September 2022	650,000	113,326,334	3,812,663	117,788,997

The accompanying notes are an integral part of this consolidated statement of changes in equity.

GLENAIR UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY For the year ended 30 September 2022

	Called-up share capital £	Profit and loss account £	Total £
At 1 October 2020	650,000	70,828,371	71,478,371
Profit for the financial year	-	9,491,628	9,491,628
Other comprehensive result	-	-	-
Total comprehensive income	-	9,491,628	9,491,628
Dividend	-	(7,000,000)	(7,000,000)
Total dividend and comprehensive income	-	2,491,628	2,491,628
At 30 September 2021	650,000	73,319,999	73,969,999
Profit for the financial year	-	12,650,210	12,650,210
Other comprehensive result	-	-	-
Total comprehensive income	-	12,650,210	12,650,210
At 30 September 2022	650,000	85,970,209	86,620,209

The accompanying notes are an integral part of this statement of changes in equity.

GLENAIR UK LIMITED

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2022

	Note	2022 £	2021 £
Net cash flows from operating activities	18	4,158,792	27,925,333
Interest received		618,586	390,795
Interest paid		(125,006)	(149,046)
Taxation		<u>(5,201,528)</u>	<u>(4,233,496)</u>
Net cash flows from operating activities		(549,156)	23,933,586
Cash flows used in investing activities			
Proceeds from sale of tangible fixed assets		65,364	487
Purchase of tangible fixed assets		<u>(11,537,432)</u>	<u>(9,357,671)</u>
Net cash flows used in investing activities		<u>(11,472,068)</u>	<u>(9,357,184)</u>
Cash flows used in financing activities			
Repayment of obligations under finance leases		(588,016)	(593,962)
Proceeds from the issue of new bank loans		-	6,551,724
Repayment of bank loans		(169,006)	(2,105,690)
Dividends Paid		-	<u>(7,000,000)</u>
Net cash flows used in financing activities		<u>(757,022)</u>	<u>(3,147,928)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(12,778,246)</u>	<u>11,428,474</u>
Cash and cash equivalents at the beginning of the year		28,864,439	17,850,082
Effects of currency translation		312,130	<u>(414,117)</u>
Cash and cash equivalents at the end of the year		<u>16,398,323</u>	<u>28,864,439</u>
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		18,944,342	30,483,522
Bank overdraft		<u>(2,546,019)</u>	<u>(1,619,083)</u>
Cash and cash equivalents		<u>16,398,323</u>	<u>28,864,439</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Glenair UK Limited (the company) is a company incorporated in the United Kingdom under the Companies Act 2006.

The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The principal activities of the company and its subsidiaries (the group) and the nature of the group's operations are set out in the strategic report and directors' report on pages 2 to 7.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency differs throughout the group. The primary functional currencies are pounds sterling, the euro and the Swedish krona. The consolidated financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company and the group operates. Foreign operations are included in accordance with the policies set out below.

Glenair UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The Directors have performed and carefully considered revised forecast scenarios of varying severity to stress test the resilience of the group's cash flows and trading performance. All scenarios provided sufficient comfort to the Directors.

The strong net cash position of the group is expected to provide the group with reasonable headroom throughout the forecast period and for a period of at least twelve months from the date of approval of the financial statements.

In addition to the above, the group has a very well-balanced portfolio between different industries, and while no issues have been experienced with regards to the groups' supply chain, the group has significant raw materials in case of any future disruption. As a consequence, the Directors believe the group is well placed to manage its business risks successfully.

The Directors, having reviewed projected cash flows, have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 September each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Goodwill

Goodwill arising on the acquisition, or the increase in stake, of subsidiary undertakings and businesses, representing any excess of the fair value of the total consideration given, both actual and deferred, over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is no more than twenty years. Provision is made for any impairment.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight-line basis over its expected useful life, as follows:

Long leasehold land and buildings	2.5% per annum
Plant and machinery	10% - 33% per annum
Motor vehicles	25% per annum

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

Investments

Fixed asset investments are shown at cost less any provision for impairment.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below:

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash generating units ("CGU"s) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

1. ACCOUNTING POLICIES (continued)

Financial instruments

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

i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expires.

ii) Investments

Investments in subsidiaries are measured at cost less impairment.

iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of the cash or other resources received or receivable, net of direct issue costs.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 30 September 2022**

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Turnover

Group turnover represents amounts receivable from the provision of goods and services in the normal course of business, exclusive of intra group transactions, trade discounts, Value Added Tax and other sales related taxes. Turnover is recognised at the point that the risks and rewards of ownership of the goods has transferred to a third party which is typically on delivery.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Interest expense is calculated based on the fixed or variable rates per the terms of the loan agreement with the banks.

Interest Income/Interest Payable

Interest income and Interest payable is calculated based on the fixed or variable rates per the terms of the loan agreement with the counterparty.

Leased assets

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except their assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Pension costs and other post-retirement benefits

The group operates two defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Obligations to employees are severance indemnities, accrued up to 31 December 2006, due to employees at the end of their working period.

Foreign currency

Foreign currency transactions are translated at the average rate for the month in which they occur.

Assets and liabilities expressed in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or forward contract rates, where appropriate. Exchange differences which arise from normal trading activities are included in the calculation of operating profit.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, whether the group had transferred to the buyer the significant risks and rewards of ownership of the goods.

Key Sources of Estimation Uncertainty

The following are the sources of estimation uncertainty, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Stock obsolescence provision

Stock that is held within the company is subject to an obsolescence provision which is dependent upon the age of the stock (raw materials are not included in the provision).

3. SEGMENTAL INFORMATION

Group turnover and profit before taxation are generated from the principal activity of the group.

The geographical analysis of turnover by destination is as follows:

	2022	2021
	£	£
United Kingdom	41,412,423	35,611,894
Rest of Europe	69,223,251	73,846,578
Rest of World	59,550,535	33,421,036
	<u>170,186,209</u>	<u>142,879,508</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Director's remuneration

	2022	2021
	£	£
Emoluments	485,360	474,430
Company contributions to money purchase pension schemes	3,667	3,400
	<u>489,027</u>	<u>477,830</u>

Included in Emoluments is a loss of office payment of £300,000 to A J Birks.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

Pensions

The number of directors who were members of pension schemes was as follows:

	2022 Number	2021 Number
Money purchase scheme	1	1

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2022 £	2021 £
Emoluments	485,360	474,430
Company contributions to money purchase pension schemes	3,667	3,400
	<u>489,027</u>	<u>477,830</u>

Other directors of the group are remunerated by other group companies.

The average monthly number of employees (including executive directors) was:

Group	2022 Number	2021 Number
Production	807	742
Distribution	21	19
Sales	138	104
Administration	89	101
	<u>1055</u>	<u>966</u>

	2022 £	2021 £
Staff costs during the year (including directors)		
Wages and salaries	36,344,099	30,954,518
Social security costs	5,800,192	5,848,349
Other pension costs	2,940,665	2,409,594
	<u>45,084,956</u>	<u>39,212,461</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Interest payable on bank loans and overdrafts	<u>125,006</u>	<u>149,046</u>

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets:		
- owned	3,472,395	3,125,791
- held under finance leases and hire purchase contracts	572,442	604,186
(Gain)/Loss on disposal of tangible fixed assets	(15,715)	30,038
Research and development expenditure	692,404	430,643
Amortisation of goodwill	112,605	14,619
Operating lease rentals	1,516,651	1,504,500
Stock expense	86,649,691	69,835,687
Impairment of stock	636,856	1,616,320
Net foreign exchange (loss)/gain	(1,609,250)	244,505

	2022	2021
	£	£

The analysis of auditor remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual financial statements

87,500	56,500
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Fees payable to associates of the company auditor for the audit of the company's subsidiaries

94,017	68,261
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Total audit fees

181,517	124,761
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Fees payable to the company's auditor and their associates for other services to the company

6,950	6,489
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Total non-audit fees

6,950	6,489
-------	-------

Total

188,467	131,250
---------	---------

	2022	2021
	£	£

The analysis of non-audit fees:

- iXBRL filing

650	650
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- Taxation services provided to the company

6,300	5,839
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6,950	6,489
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GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

7. TAX ON PROFIT

The tax charge is based on the profit for the year and comprises:

	2022 £	2021 £
Current tax		
UK corporation tax	1,525,228	1,690,572
Foreign tax	2,528,868	2,715,495
	<u>4,054,096</u>	<u>4,406,067</u>
Adjustments in respect of prior years		
- UK corporation tax	(37,601)	(18,150)
	<u>4,016,495</u>	<u>4,387,917</u>
Deferred tax (note 15)		
Origination and reversal of timing differences	1,298,554	(96,268)
	<u>5,315,049</u>	<u>4,291,649</u>

The differences between the total tax shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax is as follows.

	2022 £	2021 £
Profit before tax	<u>24,441,002</u>	<u>17,933,683</u>
Tax on profit at average standard UK corporation tax rate of 19.0% (2021: 19.0%)	4,643,790	3,407,400
Effects of:		
Items not deductible for tax purposes	23,561	4,826
Items not deductible for tax purposes overseas	308,751	11,863
Capital Allowances in excess of depreciation	25,267	-
Other timing differences	(413,669)	25,312
Adjustment in respect to previous periods	(37,601)	(18,150)
Higher tax rates on overseas earnings	764,950	860,398
	<u>5,315,049</u>	<u>4,291,649</u>
Tax charge for year		

The group's future tax charge will be affected by the change in the UK corporation tax rate.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has been used to calculate the deferred tax balances.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

8. GOODWILL

	2022	2021
	£	£
Group		
Cost		
At 1 October	5,763,198	5,965,591
Exchange adjustment	39,930	(202,393)
At 30 September	<u>5,803,128</u>	<u>5,763,198</u>
Amortisation		
At 1 October	5,437,245	5,530,197
Charge for the year	112,605	14,619
Impairment		
Exchange adjustment	10,052	(107,571)
At 30 September	<u>5,559,902</u>	<u>5,437,245</u>
Net book value		
At 30 September	<u>243,226</u>	<u>325,953</u>

The company has no goodwill.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

9. TANGIBLE FIXED ASSETS

Group	Long leasehold land and buildings £	Motor vehicles £	Plant and machinery £	Total £
Cost				
At 1 October 2021	27,614,665	129,637	42,165,381	69,909,683
Additions	5,241,497	19,320	6,276,615	11,537,432
Disposals	-	(18,018)	(177,581)	(195,599)
Exchange adjustment	204,311	1,796	513,092	719,199
At 30 September 2022	33,060,473	132,735	48,777,507	81,970,715
Depreciation				
At 1 October 2021	6,607,114	59,799	33,279,458	39,946,371
Charge for the year	995,198	21,899	3,027,740	4,044,837
Disposals	-	(10,211)	(135,739)	(145,950)
Exchange adjustments	101,283	934	385,330	487,547
At 30 September 2022	7,703,595	72,421	36,556,789	44,332,805
Net book value				
At 30 September 2022	25,356,878	60,314	12,220,718	37,637,910
At 30 September 2021	21,007,550	69,839	8,885,921	29,963,311
Company				
Cost				
At 1 October 2021	16,652,688	29,956	17,120,175	33,802,819
Additions	4,900,020	-	3,867,750	8,767,770
Disposals	-	-	-	-
At 30 September 2022	21,552,708	29,956	20,987,925	42,570,589
Depreciation				
At 1 October 2021	2,291,008	29,956	14,056,079	16,377,043
Charge for the year	267,135	-	1,409,161	1,676,296
Disposals	-	-	-	-
At 30 September 2022	2,558,143	29,956	15,465,240	18,053,339
Net book value				
At 30 September 2022	18,994,565	-	5,522,685	24,517,250
At 30 September 2021	14,361,680	-	3,064,096	17,425,776

Included within the group's fixed assets are assets capitalised under finance leases with a net book value of £4,458,668 (2021: £5,692,242). None of the company's fixed assets are capitalised under finance leases.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

10. FIXED ASSET INVESTMENTS

Company	Subsidiary undertakings
Cost	£
At 1 October 2021	20,708,676
Re-capitalisation of Glenair Germany	422,654
	<hr/>
At 30 September 2022	21,131,330
Provisions for impairment	
At 1 October 2021 and at 30 September 2022	(6,392,168)
	<hr/>
Net book value:	
At 30 September 2021	14,316,508
	<hr/>
At 30 September 2022	14,739,162
	<hr/>

The principal wholly owned subsidiary undertakings and their principal activities, are as follows:

	Principal activity	Country of incorporation	Registered office	Class of shareholding
Glenair GmbH	Sales & marketing	Germany	Schaberweg 28 61348 Bad Homburg	100% Ordinary
Glenair Nordic AB	Sales & marketing	Sweden	Gustav III:s, Boulevard 46 SE-169 27 Solna	100% Ordinary
Glenair France SARL	Sales & marketing	France	Central Parc II 7 Avenue Parmentier 31200 Toulouse	100% Ordinary
Glenair Italia SRL	Sales, marketing and connector manufacture	Italy	Via del Lavoro 7, 40057 Granarolo dell'Emilia Bologna	100% Ordinary
Glenair OY	Sales & marketing	Finland	Puistokatu 5 57100 Savonlinna Finland	100% Indirect Subsidiary
Glenair AS	Sales & marketing	Norway	Gamleveien 1A 3174 Revetal Norway	100% Indirect Subsidiary
Glenair Iberica	Sales & marketing	Spain	Paseo de las Delicias 30-4 28045 Madrid	100% Ordinary
Miles Roystone Limited	Dormant	England	As shown on page 1	100% Ordinary
Glenair (1972) Limited	Dormant	England	As shown on page 1	100% Ordinary

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

10. FIXED ASSET INVESTMENTS (CONTINUED)

Glenair OY and Glenair AS are indirectly owned via the company's shareholding in Glenair Nordic AB. Otherwise, the company directly holds 100% of the share capital of the subsidiary undertaking.

During the year and prior year the company did not make any additional contributions.

11. STOCKS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials, consumables and goods for resale	33,957,865	26,161,479	17,351,045	12,855,850
Work-in-progress	2,573,193	1,929,241	2,149,970	1,500,116
	<u>36,531,058</u>	<u>28,090,720</u>	<u>19,501,015</u>	<u>14,355,966</u>

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

Amounts falling due within one year:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	31,791,424	24,540,383	9,279,608	6,486,425
Due from parent company	30,998,730	14,454,908	26,884,951	11,453,469
Due from subsidiary companies	-	-	2,570,982	3,380,669
UK Corporation and overseas tax	1,008,392	819,397	-	256,477
Other debtors and prepayments	2,211,888	3,184,690	386,898	989,732
Deferred tax asset (note 15)	-	136,632	-	-
	<u>66,010,434</u>	<u>43,136,010</u>	<u>39,122,439</u>	<u>22,566,772</u>

Company - Amounts due from subsidiary companies are for goods supplied on credit.

The amounts due from parent company are a mixture of goods supplied on credit and interest payable loans.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	969,129	282,475	-	-
Overdrafts	2,546,019	1,619,083	-	-
Trade creditors	8,261,220	5,405,820	5,363,265	3,866,692
Due to other group undertakings	305,081	180,247	305,081	180,247
Due to parent company	6,381,778	3,262,152	-	-
Obligations under finance leases and hire purchase contracts	568,199	598,153	-	-
UK Corporation and overseas tax	1,535,136	2,503,309	388,339	887,812
Other taxation and social security	3,232,577	3,016,747	627,531	339,549
Accruals and deferred income	10,711,423	9,930,011	1,699,573	3,346,410
Deferred tax liability (note 15)	-	-	-	63,727
	<u>34,510,562</u>	<u>26,797,997</u>	<u>8,383,789</u>	<u>8,684,437</u>

Bank loans bear interest ranging from 1.12% to 3.19% as of September 30, 2022, and are secured by the equipment for which the funds were used to purchase.

Due to other group undertakings represent a company based in the United States of America, which is a wholly owned subsidiary of the parent company.

Overdrafts are secured by a floating charge (interest ranges from 2% to 4.66%) on the assets of the group.

The finance lease obligations are secured on the related hire purchase assets held by the group. These arrangements have an interest rate of 1.12% to 3.01%.

The amounts due to parent company and to other group undertakings are for goods supplied on credit account basis. These are unsecured, interest free and repayable on demand.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Due to subsidiary undertakings	-	-	3,588,936	3,588,936
Bank loans	3,677,767	4,456,222	-	-
Obligations under finance leases and hire purchase contracts	1,677,182	2,206,669	-	-
Deferred tax liability (note 15)	1,138,872	-	834,373	-
Obligations to employees	573,590	535,268	-	-
	<u>7,067,411</u>	<u>7,198,159</u>	<u>4,423,309</u>	<u>3,588,936</u>

Bank loans are due in monthly instalments over the next 60 months. The loans bear interest at 1.29% and 0.5% as of September 30, 2022 and are secured by the equipment for which the funds were used to purchase.

The finance lease obligations are secured on the related hire purchase assets held by the group. These arrangements have an interest rate of 1.07% to 3.01% and are due in 12 months to 72 months.

Obligations to employees are severance indemnities, accrued up to 31 December 2006, due to employees at the end of their working period.

Amounts due to subsidiary undertakings are unsecured, non-interest bearing loans from dormant UK subsidiaries.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

Borrowings are repayable as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans				
Between one and two years	1,200,868	925,530	-	-
Between two and five years	2,476,899	3,530,692	-	-
	<u>3,677,767</u>	<u>4,456,222</u>	-	-
Within one year	969,129	282,475	-	-
	<u>4,646,896</u>	<u>4,738,697</u>	-	-
Finance leases				
Between one and two years	480,068	558,403	-	-
Between two and five years	1,197,114	1,648,267	-	-
	<u>1,677,182</u>	<u>2,206,670</u>	-	-
Within one year	568,199	598,153	-	-
	<u>2,245,381</u>	<u>2,804,823</u>	-	-

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

15. DEFERRED TAXATION

The group deferred tax liability is set out below:

	£
Group	
Asset at 1 October 2021 (note 12)	136,632
Charged to profit and loss account	(1,298,554)
Exchange adjustment	23,050
	<u>(1,138,872)</u>
Liability at 30 September 2022 (note 14)	<u>(1,138,872)</u>

The company deferred tax liability is as follows:

Company	
Liability at 1 October 2021 (note 13)	(63,727)
Charged to profit and loss account	(770,646)
	<u>(834,373)</u>
Liability at 30 September 2022 (note 14)	<u>(834,373)</u>

Deferred taxation is provided as follows:

	2022	2021
	£	£
Group		
Capital allowances in excess of depreciation	(834,373)	(63,727)
Accumulated untaxed profits of overseas subsidiary undertakings	(304,499)	200,359
	<u>(1,138,872)</u>	<u>136,632</u>
Company		
Capital allowances in excess of depreciation	<u>(834,373)</u>	<u>(63,727)</u>

There is no unprovided deferred tax in the current or prior year.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

16. FINANCIAL INSTRUMENTS

The carrying values of the group and company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Financial assets				
<i>Measured at undiscounted amount receivable</i>				
Trade and other debtors (see note 12)	65,002,042	42,179,981	39,122,439	22,310,295
Cash and cash equivalents	18,944,342	30,483,522	1,547,441	17,578,350
	<u>83,946,384</u>	<u>72,663,503</u>	<u>40,669,880</u>	<u>39,888,645</u>
Financial liabilities				
<i>Measured at amortised cost</i>				
Obligations under finance leases (see note 13, 14)	(2,245,381)	(2,804,822)	-	-
Bank loans (see note 13, 14)	(4,646,896)	(4,738,697)	-	-
<i>Measured at undiscounted amount payable</i>				
Trade and other creditors	(29,465,669)	(22,330,245)	(11,584,386)	(11,321,834)
Bank overdraft (see note 13)	(2,546,019)	(1,619,083)	-	-
	<u>(38,903,965)</u>	<u>(31,492,847)</u>	<u>(11,584,386)</u>	<u>(11,321,834)</u>

17. CALLED-UP SHARE CAPITAL

	2022 £	2021 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted called-up and fully paid		
650,000 Ordinary shares of £1 each	<u>650,000</u>	<u>650,000</u>

The group and company's other reserves are as follows:

The currency translation reserve represents movements in the Consolidated Balance Sheet as a result of movement in exchange rates which are taken directly to reserves on consolidation of overseas subsidiaries.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2022

18. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	2022	2021
	£	£
Operating profit	23,947,422	17,691,934
Adjustment for:		
(Profit)/Loss on sale of tangible fixed assets	(15,715)	30,038
Depreciation charges	4,044,837	3,729,977
Amortisation of goodwill	112,605	14,619
Unrealised currency translation (gain)/loss	(266,061)	623,609
	<u>27,823,088</u>	<u>22,090,177</u>
Operating cash flow before movement in working capital		
(Increase) in stocks	(8,095,841)	(198,484)
(Increase)/decrease in debtors	(22,212,412)	8,440,070
Increase/(decrease) in creditors	6,643,957	(2,406,430)
	<u>4,158,792</u>	<u>27,925,333</u>
Cash generated by operations		

19. ANALYSIS OF CHANGES IN NET DEBT

Group	1 October 2021	Cashflows	Other changes	30 September 2022
	£	£	£	£
Cash at bank and in hand	30,483,522	(11,539,180)	-	18,944,342
Overdrafts	(1,619,083)	(926,936)	-	(2,546,019)
Bank loans	(4,738,697)	91,801	-	(4,646,896)
Obligations under finance leases	(2,804,822)	559,441	-	(2,245,381)
	<u>21,320,920</u>	<u>(11,814,874)</u>	<u>-</u>	<u>9,506,046</u>

GLENAIR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2022

20. GUARANTEES AND FINANCIAL COMMITMENTS

Group total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£	£	£	£
Within one year	640,200	950,906	450,656	376,895
Between one and five years	2,057,096	2,957,836	797,407	745,597
After five years	529,195	362,367	39,024	41,630
	<u>3,226,491</u>	<u>4,271,109</u>	<u>1,287,087</u>	<u>1,164,122</u>

Capital expenditure authorised by the directors is as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Contracted	<u>684,502</u>	<u>7,333,194</u>	<u>684,502</u>	<u>7,333,194</u>

21. PENSIONS

The group operates two defined contribution pension schemes. One scheme is for the benefit of the directors and employees and is administered independently to the assets of the group. The second scheme is a voluntary contributory pension scheme for eligible employees administered independently to the assets of the group. The pension cost during the year was £2,940,666 (2021: £2,409,594). At 30 September 2022 the group had total pension cost accruals of £211,471 (2021: £256,551).

22. RELATED PARTY TRANSACTIONS

The year end balances with the parent company are disclosed in note 12 to the financial statements.

The total remuneration for the directors for the year is disclosed in note 4.

The company has taken advantage of the exemption within FRS 102, which does not require disclosure of transactions between the company and other wholly owned subsidiary undertakings.

23. ULTIMATE HOLDING COMPANY

The immediate parent company and ultimate holding company is Glenair Inc., a company registered and incorporated in California, USA.

Glenair Inc. is ultimately controlled by the trustees of the Jameson Voting Trust, a family trust of Mr. James D. Jameson, a director of the Company, and other family members.

The smallest group for which consolidated financial statements are prepared is that headed by Glenair UK Limited. The largest group for which consolidated financial statements are prepared is that headed by Glenair Inc. These financial statements are not publicly available.

24. POST BALANCE SHEET EVENTS

There are no material post balance sheet events that took place through the date these financial statements were issued.