Registered number: 01945689

SPS AEROSTRUCTURES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 JANUARY 2022

COMPANY INFORMATION

Directors	A Armango R Beyer S Hagel A Power J Puetz N Roebuck
Company secretary	J Freeman-Massey
Registered number	01945689
Registered office	Willow Drive Sherwood Business Park Annesley Nottinghamshire NG15 0DP
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 17th floor 103 Colmore Row Birmingham West Midlands B3 3AG

SPS AEROSTRUCTURES LIMITED

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STRATEGIC REPORT
FOR THE PERIOD ENDED 2 JANUARY 2022

Introduction

The directors present their Strategic report for the year ended 2 January 2022.

Business review

The results of the company show an operating loss of £13.6 million *(2020: operating loss of: £10.4 million)* for the year and sales of £32.6 million *(2020: £40.8 million)*. The company has net assets of £15.0 million *(2020: £28.1 million)*. The principal activity of the company is precision and specialist aerospace engineering. The company is registered in England and is a private company limited by shares. The company has reported an overall loss for the reporting period as a result of a reduction in profitable volume as well as the recognition of an impairment charge of £4.1m against the carrying value of fixed assets.

Financial risk management

Business environment

The Aerospace Market which the company services is fragmented with worldwide international competition including Europe, USA and the Far East. The company differentiates itself by offering flexibility in terms of service and product supply.

Strategy

The company's overriding strategy is to achieve sustainable growth through a combination of organic growth and acquisitions in its chosen markets.

Product range

The company offers a wide range of Aerospace fasteners together with machined and fabricated parts used in Civil Aircraft airframe construction.

Training and development

The company is committed to recruit and retain a highly skilled and loyal workforce to meet the continuous improvement demands of the company's customer base.

Future outlook

The company seeks to develop and grow its product/customer base and continuously improve its efficiency through capital investment and employee training.

Key performance indicators

Definition	**2 January 2022**	*30 December 2020*	**Analysis**
(Decrease) / Increase in sales - on sales change	(20.2)%	*(59.3)%*	Decreases due to reduced volume with one of our customers.
Capital investment as a percentage of depreciation	51.4%	*170.2%*	The capital investments is in line with our strategy.

The Profit and loss account for the year is set out on page 15.

As can be seen from note 9 employee numbers have decreased from an average of 378 in the prior period to 263 in the current period.

Principal risks and uncertainties

The company's activities expose it to a number of financial risks including foreign exchange risk, liquidity risk and price risk. The company does not use derivative financial instruments for speculative purposes.

Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange risk by fixing the rate of any material transactions in a foreign currency.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company uses foreign exchange forward contracts to hedge these exposures.

Credit risk

The company's principal financial assets are bank balances, trade and other receivables. The company's credit risk is largely attributable to trade receivables. The amounts presented in the Balance sheet are net of allowances for doubtful receivables.

The company has long standing relationships with its customers and management considers the risk to be low.

Foreign currency risk

The company is exposed to foreign currency risk. The company mitigates the risk through entering into foreign exchange hedging contracts, based on forecasting sales and purchases for a 12-15 month period.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has access to intra group cash pooling and other funding facilities.

Price risk

The company is exposed to commodity price risk. The company manages its exposure to commodity price risk by including material price clauses in major customer contracts.

Principal risks and uncertainties (continued)

Competition

The company operates in a highly competitive market with high customer expectations. In order to mitigate this risk, our marketing department maintains close relationships with existing and potential customers in order to understand and respond to their expectations and needs.

Covid 19 and living costs crisis

During the year, the global Covid pandemic had a material effect on the trading activity of the company's customers and therefore the company's trading activity, consequently our revenues have decreased significantly in 2021 compared to the prior year. Management continues to evaluate customer demand and is adjusting the company's capacity to meet the current and near-term demands. Considering the current effect to the aerospace market, the company will continue to monitor the covid situation and assess any impacts to customer demand and to our supply chain. Customer demand is now stabilising, and we anticipate growth in the near-term.

The business continues to be impacted by market conditions, increased utility costs, material constraints and general inflation across all supplies. To mitigate these costs, management are constantly evaluating supply contracts, implementing back-to-back agreements where possible within our supply chain are passing on price increases to our customers (contracts permitting). Several customer long-term agreements will cease at the end of 2023 and negotiations are ongoing to renew these with increased market prices. Low cost country manufacturing options are also being evaluated in conjunction with customer agreement.

Capital investment

Continuous improvement demands from customers require continuous assessment and improvement of manufacturing and support processes. The financial support of the parent company ensures capital investment is provided where necessary to meet the needs of the business.

Section 172 statement

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the company are appropriately informed by s172 factors.

The company is a subsidiary and business unit of Precision Castparts Corp. (Parent) which is a member of Berkshire Hathaway Inc., a public company incorporated in Nebraska, United States of America (registered office address 1440 Kiewit Plaza, 68131 Omaha, United States of America), as the ultimate holding company. The governance framework delegates authority for local decision-making at business unit level up to defined levels of cost and impact which allow the individual businesses to take account of the needs of their own stakeholders in the decision-making. The culture, value and standards that underpin this delegation ensure that when decisions are made the wider impact has been considered.

Details of the business unit key stakeholders and how we engage with them are set out below.

Shareholders

From the perspective of the Board of Directors, as a result of the group governance the Parent has taken the lead in regards to assuring the strategy, performance and key decisions take into account stakeholder interests in decision-making. The Parent is well informed about the views of stakeholders through the regular communication on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

Customers and suppliers

The Board of Directors and Parent work together with local leadership in carrying out the duties in respect of the company's other stakeholders. Since we manufacture products for critical aerospace we operate with a high degree of competence and personal integrity while having a constant focus on quality, cost, and delivery. Our reputation depends on our ability to meet our customers' specifications and instructions. Under no circumstance should a departure from customer specification occur without being reported and authorised through the appropriate channels. Our suppliers play a critical role in our ability to operate and provide products and services to our customers. To protect our reputation and perform with integrity, we must choose our suppliers carefully, based on merit and with the expectation and requirement that our suppliers will act in a manner consistent with our compliance and ethics standards. We follow these guidelines when selecting suppliers:

1. Do business only with suppliers who comply with all applicable laws, rules and regulations and Precision Castparts Corp's compliance and ethical standards.

2. Do not do business with a supplier who has known or suspected unsafe working conditions or exhibits a disregard for environmental standards.

3. Choose suppliers based on open, competitive bidding, without favouritism or unlawful discrimination.

4. Do not participate in any decision to direct business to a supplier owned or managed by a relative or close friend. Disclose the relationship in advance to those involved in making the decision.

When working with suppliers, we follow these guidelines:

1. Safeguard our confidential and proprietary information with a confidentiality or non-disclosure agreement and safeguard any supplier-provided information protected by any similar agreement.

2. Require the highest standards of product quality, testing and inspections according to customer specifications, and communicate these expectations clearly.

3. Never accept loans, improper gifts or other items of excessive value from suppliers.

4. Many of our key customers and suppliers have multi-year contracts to foster strong relationships. Local leadership meets regularly with key customers and suppliers to discuss the business relationship.

Government and regulators

Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board of Directors is updated on legal and regulatory developments and takes these into account when considering future actions.

Employees

Our employees are fundamental to the delivery of our long-term plan. All new employees are required to acknowledge reading the Parent company's business code of conduct which establishes how all employees of the company should engage with stakeholders. The health, safety, and well-being of our employees is one of our primary considerations in the way we do business. We aim to recruit and develop local people and be a responsible employer in our approach to the pay and benefits our employees receive. We also work with our employees to support local causes and issues.

The Board of Directors, Parent and local leadership together take responsibility for safeguarding the interest of employees and the company's obligations to the pension scheme.

The company's leadership team held town hall sessions to update the employees on the operations, strategy of the business and to answer questions about the business.

Environment

We conduct business in an environmentally responsible way by:

1. Operating our facilities in compliance with all environmental laws, rules and regulations
2. Providing management oversight of environmental practices at each plant
3. Training our employees in proper waste management procedures
4. Minimising the creation of waste, especially hazardous waste, and disposing of all waste in a safe and responsible manner
5. Acting as good neighbours to our surrounding communities by communicating with the public regarding our environmental management practices and participating in community environmental improvement efforts

Energy Efficiency Action

- SPS Aerostructures Limited has installed LED lighting
- Is actively seeking quotations to replace a heating, ventilation and air conditioning (HVAC) system
- Has established the use of remote meeting technology to reduce the need for business travel
- Holds ISO 140001 Accreditation

Streamlined Energy and Carbon Reporting ('SECR')

This report provides emissions disclosure and supporting data required by complying with the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 ('the 2013 Regulations') and the Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations').

Scope and methodology

The reporting units that are within the scope of reporting are Annesley, Mansfield and Rugby sites, and include the impacts from everything owned and operated by the company, where there is:

- financial control (ability to direct the financial and operating policies of the operation), and
- operational control (full authority to introduce and implement its operating policies).

The company shall use verifiable data where reasonably practicable, as follows:

- obtain meter data (from supplier, Data Collector, Data Aggregator or energy systems provider). This is the preferred method of data collection,
- manual readings if system supplied meter data is not available,
- using invoices from suppliers,
- using annual statements from suppliers (combine multiple supplies or multiple meters for the same site as appropriate to best represent the configuration of that site).

If verifiable data of energy use or spend cannot be obtained, the company shall use a reasonable estimate derived through calculation (based on other verifiable data, if possible), as follows:

- direct comparison: using figures from another comparable time period to fill the gap, (for example the same day/week/month in another year),
- pro-rata extrapolation: using figures available for one period of time to get average consumption figures for a shorter period,
- benchmarking: using the energy consumption of one asset or activity as a proxy to estimate the consumption of another asset,
- when calculating energy consumption from transport activities, reasonable estimations based on verifiable data (e.g. expenditure) may be made in cases where there is not actual usage data (e.g. litres).

The company shall determine whether particular emissions are material in the context of the overall emissions but excluded emissions shall not exceed 2% of overall emissions or energy.

The following table contains the information relevant to the company for the SECR requirements for the period ended 2 January 2022:

Emissions and Energy Use Data	**kWh/Tonnes CO2e 2 Jan 2022**	*kWh/TonnesCO2e 30 Dec 2020*
Total aggregate energy consumption in kWh used to calculate emissions (including gas, electricity, transport fuel, and other energy sources)	10,583,802	11,502,229
Emissions from combustion of gas tCO2e	363	664
Emissions from combustion of fuel for transport purposes	4	11
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel	1	2
Emissions from purchased electricity	2,007	1,839
Total gross CO2e based on above	2,375	2,515
Intensity ratio: tCO2e gross figure based on mandatory fields above/ e.g., per total million tonnes of production	0.007	0.005

This report was approved by the board on 03/08/2023 and signed on its behalf.

N Roebuck
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 2 JANUARY 2022

The directors present their report and the financial statements for the period ended 2 January 2022.

Results and dividends

The loss for the period, after taxation, amounted to £13,035,000 *(2020: loss £9,436,000).*

During the year the company paid a dividend of £Nil *(2020: £Nil).*

Directors

The directors who served during the year and subsequently were:

A Armango
R Beyer
S Hagel
A Power
J Puetz (appointed 1 July 2021)
N Roebuck
R Becker (resigned 30 June 2021)
I Rattu (resigned 31 August 2021)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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.

Going concern

The company's activities are spread over several industries and geographical locations. Its major customers and suppliers have significant experience in operating within those industries. The company has considered the principal risks and uncertainties of the business and has set out its policy (as detailed in the Strategic report on page 2-3) for limiting those risks, however, as highlighted on page 3, the Covid-19 pandemic has impacted several the company's significant customers and future sales levels are expected to stabilise in the near term with steady growth following the relaxation of travel restrictions.

Covid has had a material impact on the company's trading activity within the aerospace market and consequently our revenue was impacted adversely in 2020 and 2021. Revenue was reduced by 20.2% in 2021 compared to 2020, all cost areas have been subjected to significant review with action taken to mitigate volume reduction experienced as a direct result. During the prior year the company did exercise the right to utilise the government job retention scheme which amounted to £79k of support during the financial period.

The business continues to be impacted by market conditions, increased utility costs, material constraints and general inflation across all supplies. To mitigate these costs, management are constantly evaluating supply contracts, implementing back-to-back agreements where possible within our supply chain are passing on price increases to our customers (contracts permitting). Several customer long-term agreements will cease at the end of 2023 and negotiations are ongoing to renew these with increased market prices. Low cost country manufacturing options are also being evaluated in conjunction with customer agreement.

The company continues to bid new work packages along with resubmission of LTA renewals for Airbus and GKN which expire at the end of 2023. These renewals are inclusive of price increases to reflect all inflationary pressures. The directors of the company are optimistic that these LTA's will be renewed.

The company pools all cash generated into and has access to a central cash pooling arrangement with its intermediate parent company, Precision Castparts Corp ('PCC'). In addition, the directors have been supplied with a letter of support from PCC which will ensure any necessary financial support is provided within twelve months from the date of these financial statements notwithstanding the various risk to the business including the potential non-renewal of the LTAs that expire at the end of 2023. The directors have satisfied themselves that PCC has the necessary financial resources to provide this support during this period, should it be required. Therefore, the directors have a reasonable expectation that the company has adequate resources internally and through its association with PCC, to continue in operational existence for the foreseeable future and as such, the going concern basis has been adopted in preparing the annual report and financial statements.

Charitable donations

The donations made by the company during the year for charitable purposes were £Nil *(2020: £Nil)*.

Employee evolvement

The company's policy is to consult and discuss with employees, through trade union representatives, consultative committees and at meetings, matters likely to affect employees' interests, including financial and economic factors affecting the company's performance.

Information on matters of concern to employees is given through information bulletins, reports and newsletters.

The company is an equal opportunity employer and the aim of its policies is to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, marital status, physical disability, race, colour, nationality or ethnic origins, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. Selection criteria and procedures will be frequently reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees will be given equal opportunity and, where appropriate, special training, to progress within the organisation. The company is committed to a programme of action to make this policy fully effective.

Employee engagement and business relationships

Information regarding employee engagement and business relationships can be found in the Strategic report under the heading Section 172 Statement and forms part of this report by cross reference.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered taking into account the aptitudes and abilities of the applicant concerned. Where the employees become disabled, the company endeavours to continue to employ such people provided there are duties which they can perform bearing in mind the handicap or disability.

It is the policy of the company that training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Qualifying third party indemnity provisions

The ultimate parent undertaking has indemnity insurance which covers the directors of the company and all PCC group directors.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 03/08/2023 and signed on its behalf.

N Roebuck
Director

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPS AEROSTRUCTURES LIMITED

Opinion

We have audited the financial statements of SPS Aerostructures Limited (the 'company') for the period from 31 December 2020 to 02 January 2022, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2022 and of its loss for the period 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial period 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.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPS AEROSTRUCTURES LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We determined that the laws and regulations most directly relevant to specific assertions in the financial statements are those related to the reporting framework (being FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and the Companies Act 2006) and relevant tax legislation in the UK.
- In addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements such as health and safety regulations, employment law and anti-bribery legislation.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the group's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls.
- Audit procedures performed by the engagement team included:
  - identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud, particularly around journal processing;
  - journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;
  - challenging assumptions and judgements made by management relating to its areas of significant estimation and judgement;
  - reviewing legal and professional expenditure in the year to assess for any indicators of non-compliance with relevant laws and regulations; and
  - completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- Assessment by the engagement partner of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - knowledge of the industry in which the group operates and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
  - understanding of the legal and regulatory requirements specific to the group.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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.

Grant Thornton UK LLP

John Coates BSc BFP FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 3 August 2023

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 2 JANUARY 2022

	Note	2021 £000	*2020 £000*
Turnover	4	**32,582**	*40,816*
Cost of sales (including an impairment charge of £4.2m *(2020: £0.9m)*)		**(42,575)**	*(45,110)*
Gross loss		**(9,993)**	*(4,294)*
Operating expenses		**(3,678)**	*(4,337)*
Exceptional administrative expenses	5	**-**	*(3,286)*
Other operating income	6	**79**	*1,479*
Operating loss	7	**(13,592)**	*(10,438)*
Interest payable and similar charges	11	**(211)**	*(350)*
Loss before taxation	7	**(13,803)**	*(10,788)*
Tax credit on loss	12	**768**	*1,352*
Loss for the financial period		**(13,035)**	*(9,436)*

The above results for the current year relate entirely to continuing operations. There is no other comprehensive income for the current year or the previous year other than the loss in the current year and previous year as shown above. Accordingly, no Statement of Comprehensive Income has been presented.

The notes on pages 18 to 40 form part of these financial statements.

BALANCE SHEET
AS AT 2 JANUARY 2022

	Note		2 January 2022 £000		30 December 2020 £000
Fixed assets					
Intangible assets	13		**220**		*332*
Tangible assets	14		**9,672**		*15,221*
Investments	15		**4,122**		*4,122*
			14,014		*19,675*
Current assets					
Stocks	16	**9,322**		*9,963*	
Debtors: amounts falling due after more than one year	17	**1,376**		*933*	
Debtors: amounts falling due within one year	17	**10,481**		*14,641*	
		21,179		*25,537*	
Creditors: amounts falling due within one year	18	**(18,741)**		*(16,863)*	
Net current assets			**2,438**		*8,674*
Total assets less current liabilities			**16,452**		*28,349*
Creditors: amounts falling due after more than one year	19		**(295)**		-
Provisions for liabilities					
Provisions	21		**(1,140)**		*(297)*
Net assets			**15,017**		*28,052*
Capital and reserves					
Called up share capital	23		**1,960**		*1,960*
Profit and loss account	24		**13,057**		*26,092*
Total shareholders' funds			**15,017**		*28,052*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
03/08/2023

N Roebuck
Director

The notes on pages 18 to 40 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 JANUARY 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 31 December 2019	1,960	35,528	37,488
Comprehensive income for the year			
Loss for the year	-	(9,436)	(9,436)
Total comprehensive income for the year	-	(9,436)	(9,436)
At 31 December 2020	1,960	26,092	28,052
Comprehensive income for the period			
Loss for the period	-	(13,035)	(13,035)
Total comprehensive income for the period	-	(13,035)	(13,035)
At 2 January 2022	1,960	13,057	15,017

The notes on pages 18 to 40 form part of these financial statements.

1. General information

SPS Aerostructures Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Willow Drive, Sherwood Business Park, Annesley, Nottinghamshire, NG15 0DP.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The functional currency of SPS Aerostructures Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. Foreign operations are included in accordance with the policies set out below.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Berkshire Hathaway Inc as at 30 December 2021 and these financial statements may be obtained from the United States Securities and Exchange Commission, Washington D.C., USA. This is a company incorporated in Nebraska, United States of America (registered office address 1440 Kiewit Plaza, 68131 Omaha, United States of America).

2. Accounting policies (continued)

2.3 Going concern

The company's activities are spread over several industries and geographical locations. Its major customers and suppliers have significant experience in operating within those industries. The company has considered the principal risks and uncertainties of the business and has set out its policy (as detailed in the Strategic report on page 2-3) for limiting those risks, however, as highlighted on page 3, the Covid-19 pandemic has impacted several the company's significant customers and future sales levels are expected to stabilise in the near term with steady growth following the relaxation of travel restrictions.

Covid has had a material impact on the company's trading activity within the aerospace market and consequently our revenue was impacted adversely in 2020 and 2021. Revenue was reduced by 20.2% in 2021 compared to 2020, all cost areas have been subjected to significant review with action taken to mitigate volume reduction experienced as a direct result. During the prior year the company did exercise the right to utilise the government job retention scheme which amounted to £79k of support during the financial period.

The business continues to be impacted by market conditions, increased utility costs, material constraints and general inflation across all supplies. To mitigate these costs, management are constantly evaluating supply contracts, implementing back-to-back agreements where possible within our supply chain are passing on price increases to our customers (contracts permitting). Several customer long-term agreements will cease at the end of 2023 and negotiations are ongoing to renew these with increased market prices. Low cost country manufacturing options are also being evaluated in conjunction with customer agreement.

The company continues to bid new work packages along with resubmission of LTA renewals for Airbus and GKN which expire at the end of 2023. These renewals are inclusive of price increases to reflect all inflationary pressures. The directors of the company are optimistic that these LTA's will be renewed.

The company pools all cash generated into and has access to a central cash pooling arrangement with its intermediate parent company, Precision Castparts Corp ('PCC'). In addition, the directors have been supplied with a letter of support from PCC which will ensure any necessary financial support is provided within twelve months from the date of these financial statements notwithstanding the various risk to the business including the potential non-renewal of the LTAs that expire at the end of 2023. The directors have satisfied themselves that PCC has the necessary financial resources to provide this support during this period, should it be required. Therefore, the directors have a reasonable expectation that the company has adequate resources internally and through its association with PCC, to continue in operational existence for the foreseeable future and as such, the going concern basis has been adopted in preparing the annual report and financial statements.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue comprises the fair value of the consideration received or receivable for delivery of goods and services in the ordinary course of the company's activities excluding discounts, credit notes, rebates, value added tax and other sales taxes.

The company recognises revenue when the amount of revenue can be reliable measured and it is probable that future economic benefits will flow to the company. Revenue is generally recognised at the point risk and rewards are transferred to the customer, which is dependent upon contractual terms and methods of shipment and collection.

The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:
- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and

2. Accounting policies (continued)

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 30 December 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Finance costs

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

2.8 Pensions

Defined contribution pension plan

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

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

2. Accounting policies (continued)

2.9 Current and deferred taxation

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

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

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

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

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

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.11 Intangible assets

Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over 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 20 years. Provision is made for any impairment.

2.12 Tangible fixed assets

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

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

The estimated useful lives range as follows:

Freehold buildings	- 2.5%
Freehold land	- 0%
Plant and equipment	- 10-20%

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

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

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historical cost less impairment.

2.15 Stocks

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

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

2. Accounting policies (continued)

2.16 Debtors

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

2.17 Creditors

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2. Accounting policies (continued)

2.19 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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at 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 finance 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 statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either 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 significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

Equity instruments

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

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised within the relevant line item in the profit or loss account immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company'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 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 company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty:

Fixed cost absorption adjustment

The company operates a standard costing system which is used to determine the cost of finished goods once they have passed through the manufacturing process and into finished goods. The nature of standard costs results in the actual costs varying depending on material costs, labour and machining costs and also the efficiency of the plant. As such a fixed cost absorption calculation is performed quarterly to compute the adjustment required to be made to stock to bring the overall stock value to an estimate of actual cost.

Loss making contract provision

In the prior year, the company recognised a provision in relation to a loss making contract. The provision recognised within the provisions for liabilities section (note 22) has been based on management's best estimate of future losses to be incurred on fulfilling the contract and will be released as sales occur over the remaining course of the contract. The provision recognised in respect of this matter in the current year amounts to £Nil million *(2020: £0.3 million)*.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of fixed assets

Given the company's current losses and projected losses in the short-term, the carrying value of assets were impairment to a market valuation. Management will continue to review this based on the current market and economic conditions.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	*2020 £000*
Sale of goods	**32,582**	*40,816*

The company only has one class of business; therefore no additional analysis of turnover has been provided by class of business.

Revenues include the recognition of £1m of foreign exchange gains on the settlement of associated cashflow hedge contracts *(2020: £0.9m)*.

The analysis by geographical area of turnover by destination is set out below:

	2021 £000	*2020 £000*
United Kingdom	**25,557**	*37,280*
Asia & Australia	**169**	*2,038*
Rest of Europe	**6,590**	*1,331*
North America	**266**	*150*
Rest of world	**-**	*17*
	32,582	*40,816*

5. Exceptional items

	2021 £000	*2020 £000*
Exceptional administrative expenses	**-**	*3,286*

During the period, the company incurred exceptional redundancy and restructuring cost, which amounted to £Nil *(2020: £3,286,000)* because of the Covid-19 impact to reduced volume and customer demands.

6. Other operating income

	2021 £000	*2020 £000*
Other operating income	79	*1,479*

During the prior year, the company utilised the Furlough scheme provided by the Government which resulted in other income amounting to £79,000 *(2020: £1,479,000)*.

7. Loss before taxation

The loss before taxation is stated after charging/(crediting):

	2021 £000	*2020 £000*
Impairment charge on goodwill	-	*2,886*
Depreciation of tangible fixed assets	2,645	*2,557*
Impairment charge on tangible fixed assets	4,248	*887*
Operating lease rentals	733	*701*
Amortisation of goodwill	-	*296*
Amortisation of intangible fixed assets	96	*-*
Foreign exchange (gain)/loss	(108)	*230*
Profit/(loss) on disposal of fixed assets	(12)	*189*

8. Auditor's remuneration

	2021 £000	*2020 £000*
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	102	*91*

Fees payable to the company's auditor and its associates in respect of:

Tax compliance services	24	*28*
Accounts production	4	*4*
Tax advisory services	5	*-*
	33	*32*

9. Employees

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

	2021 £000	*2020* *£000*
Wages and salaries	11,207	*12,538*
Social security costs	1,286	*1,477*
Cost of defined contribution scheme	347	*388*
	12,840	*14,403*

In addition, employees had accrued cash benefits under the parent company long term incentive plan amounting to £142,340 *(2020: £153,415)*, of which £37,648 *(2020: £86,631)* was payable to the directors.

The average monthly number of employees, including the directors, during the period was as follows:

	2022 No.	*2020* *No.*
Management	62	*93*
Works	201	*285*
	263	*378*

10. Directors' remuneration

	2021 £000	*2020* *£000*
Directors' emoluments	376	*353*
Company contributions to defined contribution pension schemes	9	*11*
	385	*364*

During the period retirement benefits were accruing to 2 directors *(2020: 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £265,819 *(2020: £259,290)*.

There were 2 directors paid from this company *(2020: 2)*. The remaining directors are also executive officers of Precision Castparts Corp., or its subsidiaries and they do not receive any remuneration for their services to the company, and it has not been possible to allocate remuneration they receive for services to the Group directly to the company.

11. Interest payable and similar charges

	2021 £000	*2020 £000*
Other intercompany interest payable	**211**	*350*

12. Taxation

	2021 £000	*2020 £000*
Corporation tax		
Current tax on profits for the period	**-**	*(338)*
Adjustments relating to prior years	**(228)**	*-*
Total current tax	**(228)**	*(338)*
Deferred tax		
Origination and reversal of timing differences	**(796)**	*(1,405)*
Adjustments in respect of prior periods	**226**	*391*
Effect of increased/decreased tax rate on opening balance	**30**	*-*
Total deferred tax	**(540)**	*(1,014)*
Taxation on loss on ordinary activities	**(768)**	*(1,352)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax credit assessed for the period is lower than *(2020: lower than)* the standard rate of corporation tax in the UK of 19% *(2020: 19%)*. The differences are explained below:

	2021 £000	*2020 £000*
Loss on ordinary activities before tax	**(13,803)**	*(10,788)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2020: 19%)*	**(2,623)**	*(2,048)*
Effects of:		
Fixed asset differences	**(11)**	*-*
Expenses not deductible for tax purposes	**43**	*642*
Adjustments to tax charge in respect of prior periods	**(228)**	*(338)*
Adjustments to tax charge in respect of previous periods - deferred tax	**226**	*391*
Remeasurement of deferred tax for changes in tax rates	**(577)**	*-*
Movement in deferred tax not recognised	**2,402**	*1*
Total tax charge for the year	**(768)**	*(1,352)*

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using the enacted tax rate at the date the deferred taxes are expected to reverse and reflected in these financial statements.

As at Statement of Financial Position date the company has a deferred tax asset of £2,403,337 *(2020: £Nil)* in respect of unrecognised losses that can be offset against future profits. The asset has not been recognised as the recognition criteria of FRS 102 has not been met.

13. Intangible assets

	Goodwill £000	Other intangibles £000	Total £000
Cost			
At 31 December 2020	5,919	332	6,251
Additions	-	15	15
At 2 January 2022	5,919	347	6,266
Amortisation			
At 31 December 2020	5,919	-	5,919
Charge for the year	-	127	127
At 2 January 2022	5,919	127	6,046
Net book value			
At 2 January 2022	-	220	220
At 30 December 2020	-	*332*	*332*

Amortisation on intangible assets is charged to administrative expenses.

14. Tangible fixed assets

	Assets in the course of construction £000	Freehold land £000	Freehold buildings £000	Plant and equipment £000	Total £000
Cost or valuation					
At 31 December 2020	756	311	2,410	36,123	39,600
Additions	1,360	-	-	-	1,360
Disposals	-	-	-	(733)	(733)
Transfers between classes	(1,828)	-	-	1,828	-
At 2 January 2022	288	311	2,410	37,218	40,227
Depreciation					
At 31 December 2020	-	-	1,068	23,311	24,379
Charge for the year	-	-	106	2,539	2,645
Disposals	-	-	-	(717)	(717)
Impairment charge	114	-	-	4,134	4,248
At 2 January 2022	114	-	1,174	29,267	30,555
Net book value					
At 2 January 2022	174	311	1,236	7,951	9,672
At 30 December 2020	*756*	*311*	*1,342*	*12,812*	*15,221*

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 31 December 2020	**4,122**
At 2 January 2022	**4,122**
Net book value	
At 2 January 2022	**4,122**
At 30 December 2020	*4,122*

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Airdrome Parts Co. Limited	Sps Technologies Ltd 191 Barkby Road, Troon Industrial Area, Leicester, England, LE4 9HX	Ordinary	100%
AF Aerospace Limited	Sps Technologies Ltd 191 Barkby Road, Troon Industrial Area, Leicester, England, LE4 9HX	Ordinary	100%

16. Stocks

	2 January 2022 £000	*30 December 2020 £000*
Raw materials and consumables	**1,608**	*1,891*
Work in progress (goods to be sold)	**5,040**	*5,270*
Finished goods and goods for resale	**2,674**	*2,802*
	9,322	*9,963*

There is no material difference between the Balance sheet value of stocks and their replacement cost.

Stocks recognised in cost of sales during the year as an expense was £12,868,000 *(2021: £16,761,000)*.

Provision against stock recognised as an expense during the year was £929,000 *(2021: £1,236,000)*.

17. Debtors

	2 January 2022 £000	*30 December 2020 £000*
Due after more than one year		
Prepayments and accrued income	**203**	*300*
Deferred tax asset	**1,173**	*633*
	1,376	*933*

	2 January 2022 £000	*30 December 2020 £000*
Due within one year		
Trade debtors	**7,794**	*6,117*
Amounts owed by group undertakings	**1,998**	*7,101*
Other debtors	**304**	*204*
Prepayments and accrued income	**369**	*244*
Derivative financial asset (note 25)	**16**	*975*
	10,481	*14,641*

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

18. Creditors: Amounts falling due within one year

	2 January 2022 £000	*30 December 2020 £000*
Trade creditors	**6,364**	*4,560*
Amounts owed to group undertakings	**10,915**	*10,407*
Accruals and deferred income	**1,462**	*1,896*
	18,741	*16,863*

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

19. Creditors: Amounts falling due after more than one year

	2 January 2021 £000	*30 December 2020 £000*
Other creditors	**295**	*-*

20. Deferred taxation

	2021 £000	*2020 £000*
At beginning of period	**633**	*(381)*
Credited/(charged) to profit or loss	**540**	*1,014*
At end of period	**1,173**	*633*

20. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2 January 2022 £000	*30 December 2020 £000*
Excess of capital allowances over depreciation	-	*(600)*
Losses	1,173	*1,399*
Other timing differences	-	*(166)*
	1,173	*633*

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

There is no expiry date on timing differences, unused tax losses or tax credits.

21. Provisions

	Provisions £000
At 31 December 2020	**297**
Profit and loss account	**843**
At 2 January 2022	**1,140**

A provision was made during the year in relation to customers claims associated with later delivery of parts and financial penalties in accordance with the contractual terms & conditions.

22. Pension and similar obligations

During the year, the majority of the company's employees were members of a company operated defined contribution pension plan.

A small number of the company's employees were members of the SPS Technologies UK Pension Plan. The scheme is of the defined benefit type, but as the company is unable to identify its share of the underlying assets and liabilities of the scheme, the company accounts for contributions to the scheme as if they were defined contributions.

The actuarial method used, the description of the main actuarial assumptions, and the results of the most recent formal valuation including the level of funding is included in the financial statements of SPS Technologies Limited for the period ended 2 January 2022. Copies of the financial statements of SPS Technologies Limited can be obtained from 191 Barkby Road, Troon Industrial Area, Leicester, LE4 9HX.

The total pension cost for the year was £346,595 of which £3,500 was in respect of the defined benefit scheme *(2020: £387,551 of which £14,002 was in respect of the defined benefit scheme).* The company contributions to the defined benefit scheme for the next financial period will be £Nil. Pension liability at year-end was £65,682 *(2020: £52,390).*

23. Share capital

	2 January 2022 £000	*30 December 2020 £000*
Allotted, called up and fully paid		
1,960,484 *(2020: 1,960,484)* Ordinary shares of £1 each	**1,960**	*1,960*

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

24. Reserves

The company's other reserves are as follows:

Profit and loss account

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

25. Derivative financial instruments

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year end:

Outstanding contracts	Contractual value		Notional value		Fair value	
	2 January 2022 1.3497	*29 December 2020 1.2768*	**2 January 2022 £'000**	*29 December 2020 £'000*	**2 January 2022 £'000**	*29 December 2020 £'000*
Sell US Dollars	**(25,050)**	*(22,900)*	**(18,603)**	*(17,905)*	**16**	*975*
	(25,050)	*(22,900)*	**(18,603)**	*(17,905)*	**16**	*975*

Financial assets/liabilities measured at fair value comprise of forward foreign currency contracts valued using quoted forward exchange rates and yield derived from quoted interest rates matching maturities of the contracts.

The company uses derivatives to hedge exposures to changes in foreign currency exchange rates arising from sales and purchases in foreign currencies.

26. Financial commitments

At 2 January 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2 January 2022 £000	*30 December 2020 £000*
Not later than 1 year	**585**	*695*
Later than 1 year and not later than 5 years	**2,340**	*2,780*
Later than 5 years	**3,510**	*4,123*
	6,435	*7,598*

27. Related party transactions

The company has taken advantage of the exemption in FRS 102 33.1A from disclosing related party transactions with other entities that are 100% owned by Berkshire Hathaway Inc.

28. Post balance sheet events

There have been no significant events affecting the company post year end.

29. Ultimate and immediate parent companies and controlling party

Berkshire Hathaway Inc, a company incorporated in Nebraska, United States of America (registered office address 1440 Kiewit Plaza, 68131 Omaha, United States of America), is the ultimate parent company and controlling party.

The immediate parent company is SPS Chevron Limited, a company incorporated in the United Kingdom.

The smallest and largest set of financial statements that SPS Aerostructures Limited is consolidated into is Berkshire Hathaway Inc. Copies may be obtained from the United States Securities and Exchange Commission, Washington D.C., USA.

The registered office of SPS Aerostructures Limited is Willow Drive, Sherwood Business Park, Annesley, Nottinghamshire, NG15 0DP, United Kingdom.