Registered number: 02671608

Hyde Aero Products Limited

Annual Report and Financial Statements

For the Year Ended 30 September 2022

Company Information

Directors	M Haslam J C Brennan D Cooper M Ford D Grant A Hammond P Mellor M O'Connor M Smallman J Butler (appointed 3 April 2023)
Company secretary	M V Haslam
Registered number	02671608
Registered office	185 Stamford House Stamford Street Stalybridge Cheshire SK15 1QZ
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	National Westminster Bank PLC Oldham OL1 1QT
Solicitors	Pearson Solicitors and Financial Advisers LLP Junction 22 M60 Albert Street Hollinwood Greater Manchester OL8 3QL

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Group Strategic Report
For the Year Ended 30 September 2022

Introduction

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

Business review

The directors consider the profit on ordinary activities before taxation for the year of £4,373k *(2021: £1,244k)* to be satisfactory and in line with the expectations of the business.

Despite the challenges being experienced throughout the group's core area of activity, the directors consider the trading results for the year to be satisfactory.

The group has, in recent times, experienced a downturn in trading activities occasioned through the pervading presence of the Covid pandemic. However, cashflow remains buoyant and the directors are confident the business continues to emerge from the ill effects of this interruption to trade.

Principal risks and uncertainties

The Group uses financial instruments including cash, a bank overdraft and other items including trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in further detail below.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

Credit risk

The Group's principal financial assets are cash deposits, cash, trade debtors and intercompany debtors. The credit risk associated with cash and intercompany debtors is limited. The principal credit risk arises, therefore, from its trade debtors. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and credit history. Hedge accounting is not adopted by the group.

Interest rate risk

The Group does not have any third party borrowings other than the bank overdraft; therefore it is not exposed to any material interest rate risk.

Currency risk

The Group is exposed to transaction foreign currency risk. In order to mitigate this risk, the Group, through the ultimate parent company, has entered into a number of foreign currency forward contracts to manage the foreign exchange exposure of contracted future foreign currency sales receipts. In entering into these forward currency contracts, the Group is simply fixing its income from future sales. Hedge accounting is not adopted by the Group.

Non-Financial risk

Whilst there are no new projects emanating from the aerospace sector in the foreseeable future, the Group is able to take advantage of existing projects (with the exception of the 400M program) witnessing an increase in the required rate of production. This is a situation which is providing a buoyant trading outlook across the Group.

With regard to the "Nuclear" sector, we are able to advise that our patient pursuit of market share is beginning to show a modicum of success with the short term anticipation of enhanced margins.

Directors' statement of compliance with duty to promote the success of the Group

In accordance with section 172 of the Companies Act 2006, the directors, collectively and individually, confirm that during the year ended 30 September 2022, they upheld their duty to promote the success of the Group for the benefit of all stakeholders, whilst acting in good faith throughout.

A key element of the historic and ongoing success of the group is the ability to build strong relationships with all stakeholders, including customers and suppliers, and the values that sit strong within the business drive the success of this.

We value and respect all of our people and encourage teamwork in all that we do, whether it be between colleagues working together, or our companies and divisions working together to meet the needs of our customer base. The commitment and quality of the people within the business has played a major role in our success. The business continues to adapt to the changing market and our people and their values are instrumental in driving this.

Our Group Human Resources department was formally setup in 2019 and continues to go from strength to strength, a particular highlight being the growth of our apprenticeship schemes. We continue to be a business with many long service staff members, which is something we pride ourselves on.

The Group's policy with regard to the environment is to ensure that we understand and effectively manage the encironmental impact of our activities. We ensure that we comply with all legal requirements relating to the environment in all areas in which we conduct business.

This report was approved by the board on 18 May 2023 and signed on its behalf.

M Haslam
Director

Directors' Report
For the Year Ended 30 September 2022

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

Principal activity

The Group's principle activity is the manufacture of engineering products, primarily within the aerospace sector.

Directors

The directors who served during the year were:

M Haslam
J C Brennan (appointed 1 March 2022)
D Cooper
M Ford
D Grant
A Hammond
P Mellor
M O'Connor
M Smallman
S Turner (resigned 20 January 2023)

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £4,410,014 *(2021 - £1,192,374)*.

The directors have not recommended a dividend *(2021: £Nil)*.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Research and development activities

The Group undertakes research and development projects aimed at the ongoing improvement of its product range.

Engagement with employees

The Group continues to recognise the benefit of keeping employees informed of the progress of the business. Throughout the Group, consultative arrangements and collective bargaining procedures are well established.

We recognise that bringing on new talent is key to the long term future of the Group and the numbers of apprentices employed within the Group continues to grow. We only work with reputable training providers and ensure all the requirements of the Apprenticeship Levy are met, giving valuable and thorough on the job training to all of our apprentices.

Full and fair consideration is given to applications for employment made by disabled persons having regard to their aptitude and abilities.

Business relationships

The Group fosters long term and meaningful relationships with customers and suppliers to bring added value to everything that we do. A key element of historic and ongoing success of the group is the ability to build strong relationships with all stakeholders, including customers and suppliers, and the values that sit strong within the business drive the success of this.

In recent years, a high level of focus and resource has been devoted to business relationships to ensure that the Group successfully continued to trade throughout the Covid-19 pandemic. By consulting closely with all of our stakeholders, we were able to adapt to changing needs and market constraints and ensure no reduction in our standards or reputation.

We operate in highly regulated markets and always maintain the required certifications to operate safely and within legislation.

Qualifying third party indemnity provisions

During the financial year, a qualifying third party indemnity provision for the benefit of all directors was in force.

Streamlined Energy Carbon Reporting

The SECR disclosure covers the Group's greenhouse gas emissions (scope 1 and 2), an appropriate intensity ratio, the total energy usage of gas, electricity and fuel for transport and production.

	2022	*2021*
	£	*£*
Energy consumption to calculate emissions (kWh)	**8,183,317**	*8,305,400*
Emissions from combustion of natural gas tCO2e (Scope 2)	**498**	*554*
Emissions from purchased electricity tCO2e (Scope 2, location based)	**885**	*924*
Emissions from combustion of fuel for transport purposes tCO2e (Scope 1)	**189**	*209*
Total greenhouse gas emissions based on above (tCO2e)	**1,572**	*1,687*
Intensity ratio; tonnes of CO2e emitted per £1m sales revenue	**48**	*50*
Intensity ratio; tonnes of CO2e emitted per employee	**7**	*7*

During the financial year ending 30 September 2022, the Group continued its ongoing work to improve energy efficiency.

Across all of our sites we continue to strive to make changes by continuing the following:

1. Renewing plant and machinery on a regular basis and replacing older models with newer, more energy-effiicent upgrades.

2. Introducing LED lighting to buildings.

3. Replacing all company vehicles in a timely manner, and promoting low emission or Electric and Hybrid vehicles.

4. Regularly reviewing the wastage levels, recycling and methods of disposal.

Disclosure of information to auditors

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

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

Group Modern Slavery Act Transparency Statement

To view our Modern Slavery Act Transparency Statement, please refer to our Group website at:

https://www.hydegroup .com/modern-slavery -act-transparency-statement

This policy covers all group entities and is regularly updated to remain in compliance with legislation.

Post balance sheet events

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

Auditors

The auditors, Hurst Accountants Limited were appointed in the year and will be proposed for reappointment in accordance

with section 485 of the Companies Act 2006.

This report was approved by the board on 18 May 2023 and signed on its behalf.

M Haslam
Director

Independent Auditors' Report to the Members of Hyde Aero Products Limited

Opinion

We have audited the financial statements of Hyde Aero Products Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent Auditors' Report to the Members of Hyde Aero Products Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

Auditors' 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 Auditors' 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 Group financial statements.

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

• The nature of the industry and sector in which the company operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.

• The outcome of enquiries of local management and parent company management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.

• Supporting documentation relating to the Company's policies and procedures for:

- Identifying, evaluating, and complying with laws and regulations

- Detecting and responding to the risks of fraud

• The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

• The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

• The legal and regulatory framework in which the Company operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or which had a fundamental effect on the operations of the Company, including General Data Protection requirements, and Anti-bribery and Corruption.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

• Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.

• Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.

• Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities.

• Enquiring of management about any actual and potential litigation and claims.

• Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.

We have also considered the risk of fraud through management override of controls by:

• Testing the appropriateness of journal entries and other adjustments. We have used data analytics software to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error.

• Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and

• Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified 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.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 Auditors' 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 Auditors' 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.

John Glover (Senior Statutory Auditor)
for and on behalf of
Hurst Accountants Limited
Chartered Accountants & Statutory Auditors
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD

18 May 2023

Consolidated Statement of Comprehensive Income
For the Year Ended 30 September 2022

	Note	2022 £	*2021 £*
Turnover	4	**32,769,996**	*33,726,302*
Cost of sales		**(30,287,645)**	*(31,910,079)*
Gross profit		**2,482,351**	*1,816,223*
Administrative expenses		**(835,757)**	*(641,844)*
Exceptional administrative expenses	10	**2,726,000**	-
Other operating income	5	-	*69,444*
Operating profit and profit before tax	6	**4,372,594**	*1,243,823*
Tax on profit	9	**50,575**	*(41,291)*
Profit for the financial year		**4,423,169**	*1,202,532*
Profit for the year attributable to:			
Non-controlling interests		**13,155**	*10,158*
Owners of the parent Company		**4,410,014**	*1,192,374*
		4,423,169	*1,202,532*

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 17 to 32 form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 September 2022

	Note		2022 £		*As restated* 2021 £
Fixed assets					
Tangible assets	11		**6,101,153**		*4,073,508*
			6,101,153		*4,073,508*
Current assets					
Stocks	13	**4,360,929**		*3,091,006*	
Debtors: amounts falling due within one year	14	**35,614,781**		*35,457,975*	
Cash at bank and in hand	15	**2,410,512**		*512,374*	
		42,386,222		*39,061,355*	
Creditors: amounts falling due within one year	16	**(4,872,034)**		*(3,942,691)*	
Net current assets			**37,514,188**		*35,118,664*
Total assets less current liabilities			**43,615,341**		*39,192,172*
Net assets			**43,615,341**		*39,192,172*
Capital and reserves					
Called up share capital	18		**100**		*100*
Merger reserve	19		**2,843,343**		*2,843,343*
Profit and loss account	19		**40,663,145**		*36,253,131*
Equity attributable to owners of the parent Company			**43,506,588**		*39,096,574*
Non-controlling interests			**108,753**		*95,598*
			43,615,341		*39,192,172*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 May 2023.

M Ford
Director

The notes on pages 17 to 32 form part of these financial statements.

Company Statement of Financial Position
As at 30 September 2022

	Note		2022 £		*2021 £*
Fixed assets					
Tangible assets	11		**33,920**		*117,556*
Investments	12		**1,098**		*1,098*
			35,018		*118,654*
Current assets					
Stocks	13	**1,040,472**		*90,972*	
Debtors: amounts falling due within one year	14	**15,005,951**		*13,122,084*	
Cash at bank and in hand	15	**139,582**		*236,878*	
		16,186,005		*13,449,934*	
Creditors: amounts falling due within one year	16	**(2,510,666)**		*(1,853,041)*	
Net current assets			**13,675,339**		*11,596,893*
Total assets less current liabilities			**13,710,357**		*11,715,547*
Net assets			**13,710,357**		*11,715,547*
Capital and reserves					
Called up share capital	18		**100**		*100*
Profit and loss account carried forward			**13,710,257**		*11,715,447*
			13,710,357		*11,715,547*

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not

presented its own Statement of Comprehensive Income in these financial statements.

The profit for the parent company for the year was £1,994,810 (2021: £147,582).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 May 2023.

M Ford
Director

The notes on pages 17 to 32 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2022

	Called up share capital	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	'on-controlling interests	Total equity
	£	£	£	£	£	£
At 1 October 2020 (as previously stated)	**100**	**2,843,343**	**32,560,757**	**35,404,200**	**85,440**	**35,489,640**
Prior year adjustment	-	-	**2,500,000**	**2,500,000**	-	**2,500,000**
At 1 October 2020 (as restated)	**100**	**2,843,343**	**35,060,757**	**37,904,200**	**85,440**	**37,989,640**
Comprehensive income for the year						
Profit for the year	-	-	**1,192,374**	**1,192,374**	**10,158**	**1,202,532**
Total comprehensive income for the year	-	-	**1,192,374**	**1,192,374**	**10,158**	**1,202,532**
Total transactions with owners	-	-	-	-	-	-
At 1 October 2021	**100**	**2,843,343**	**36,253,131**	**39,096,574**	**95,598**	**39,192,172**
Comprehensive income for the year						
Profit for the year	-	-	**4,410,014**	**4,410,014**	**13,155**	**4,423,169**
Total comprehensive income for the year	-	-	**4,410,014**	**4,410,014**	**13,155**	**4,423,169**
Total transactions with owners	-	-	-	-	-	-
At 30 September 2022	**100**	**2,843,343**	**40,663,145**	**43,506,588**	**108,753**	**43,615,341**

The notes on pages 17 to 32 form part of these financial statements.

Company Statement of Changes in Equity
For the Year Ended 30 September 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	**100**	**11,567,865**	**11,567,965**
Comprehensive income for the year			
Profit for the year	-	**147,582**	**147,582**
Total comprehensive income for the year	-	**147,582**	**147,582**
Total transactions with owners	-	-	-
At 1 October 2021	**100**	**11,715,447**	**11,715,547**
Comprehensive income for the year			
Profit for the year	-	**1,994,810**	**1,994,810**
Total comprehensive income for the year	-	**1,994,810**	**1,994,810**
Total transactions with owners	-	-	-
At 30 September 2022	**100**	**13,710,257**	**13,710,357**

The notes on pages 17 to 32 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 September 2022

	2022	*2021*
	£	*£*
Cash flows from operating activities		
Profit for the financial year	**4,423,169**	*1,202,532*
Adjustments for:		
Depreciation of tangible assets	**1,993,833**	*1,910,191*
Profit on disposal of tangible assets	**(75,779)**	*(161,517)*
Taxation charge	**(50,574)**	*41,291*
(Increase)/decrease in stocks	**(1,269,923)**	*1,922,364*
Increase in debtors	**(612,141)**	*(2,570,319)*
Increase in creditors	**1,160,379**	*74,973*
Corporation tax received	**274,873**	*148,940*
Net cash generated from operating activities	**5,843,837**	*2,568,455*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(4,021,478)**	*(2,453,229)*
Sale of tangible fixed assets	**75,779**	*172,354*
Net cash used in investing activities	**(3,945,699)**	*(2,280,875)*
Net increase in cash and cash equivalents	**1,898,138**	*287,580*
Cash and cash equivalents at beginning of year	**512,374**	*224,794*
Cash and cash equivalents at the end of year	**2,410,512**	*512,374*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**2,410,512**	*512,374*
	2,410,512	*512,374*

The notes on pages 17 to 32 form part of these financial statements.

1. General information

Hyde Aero Products Limited is a private company limited by shares and incorporated in England and Wales, registered number 02671608. Its registered office is 185 Stamford House, Stamford Street, Stalybridge, Cheshire, SK15 1QZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

2.3 Exceptional items

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

2. Accounting policies (continued)

2.4 Going concern

As detailed in the financial statements of the holding company Hyde Industrial Holdings Limited, the group meets its day to day working capital requirements through significant available cash balances.

The directors of Hyde Industrial Holdings Limited (the ultimate parent company) have prepared consolidated forecasts for the period to 30 June 2024 which include forecast results for this company.

After review of the forecasts, significant available group cash resources and consideration of the parental support from the ultimate parent company, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements.

Accordingly, they continue to adopt the going concern basis in the preparation of these financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.6 Revenue

Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

2. Accounting policies (continued)

2.8 Research and development

Research and development expenditure is written off in the year in which it is incurred. Uninvoiced research and development fully funded by customers is carried forward as work in progress.

2.9 Government grants

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

2. Accounting policies (continued)

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.

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.

Depreciation is provided on the following basis:

Plant and machinery	- 4 years
Motor vehicles	- 4 years

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 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

2.15 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.

2.16 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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

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. Accounting policies (continued)

2.18 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

The preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period. Actual outcomes may differ from these judgements, estimates and assumptions.

The directors believe that judgements, estimates and assumptions do not have a significant risk of causing a material difference to the carrying amounts of the assets and liabilities within the next financial year.

4. Turnover

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

	2022	2021
	£	£
Sale of goods	32,769,996	33,726,302

Analysis of turnover by country of destination:

	2022	2021
	£	£
United Kingdom	25,720,114	27,166,371
Rest of Europe	6,754,769	6,553,718
Rest of the world	295,113	6,213
	32,769,996	33,726,302

5. Other operating income

	2022	2021
	£	£
Government grants receivable	-	69,444

6. Operating profit

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation of tangible fixed assets	1,993,833	1,910,191
Operating lease rentals - property	882,537	895,062
Profit on disposal of fixed assets	(75,779)	(161,517)

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022	*2021*
	£	*£*
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	**66,260**	*66,350*

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

8. Employees

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

	Group 2022	*Group 2021*
	£	*£*
Wages and salaries	**8,459,532**	*8,230,512*
Social security costs	**821,698**	*765,382*
Cost of defined contribution scheme	**323,247**	*477,585*
	9,604,477	*9,473,479*

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

	2022	*2021*
	No.	*No.*
Management	**15**	*17*
Administration	**14**	*16*
Production & Distribution	**208**	*209*
	237	*242*

In the current and prior year, the directors of the Company were remunerated through other companies within the Group headed up by its ultimate parent company, Hyde Industrial Holdings Limited.

The Company has no employees other than the directors, who did not receive any remuneration (2001 - £nil).

9. Taxation

	2022	*2021*
	£	*£*
Corporation tax		
Current tax on profits for the year	-	*231,034*
Adjustments in respect of previous periods	**(295,331)**	*(307)*
Group taxation relief	**(327,339)**	*(198,661)*
Total current tax	**(622,670)**	*32,066*
Deferred tax		
Origination and reversal of timing differences	**434,928**	*236,870*
Adjustments in respect of prior periods	**(176)**	*(7,598)*
Effect of tax rate change on opening balance	**137,343**	*(220,047)*
Total deferred tax	**572,095**	*9,225*
Taxation on profit on ordinary activities	**(50,575)**	*41,291*

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £	*2021* *£*
Profit on ordinary activities before tax	**4,372,594**	*1,243,823*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**830,793**	*236,326*
Effects of:		
Expenses not deductible for tax purposes	**4,871**	*8,700*
Fixed assets differences	**(204,714)**	*(29,997)*
Income not deductible for tax purposes	**(517,940)**	-
Adjustments in respect of prior periods	**(35,546)**	*(307)*
Adjustment in respect of prior periods (Deferred tax)	**176**	*(7,598)*
Transfer pricing adjustments	-	*4,566*
Adjust opening deferred tax to average rate	**137,343**	*(163,199)*
Other tax adjustments, reliefs and transfers	**(5,774)**	*(7,200)*
Adjustment in research and development tax credit leading to a decrease in the tax charge	**(259,784)**	-
Total tax charge for the year	**(50,575)**	*41,291*

Factors that may affect future tax charges

In the 2021 Spring Budget, the Government announced that from 1 April 2023, the corporation tax rate will increase to 25%. This was substantively enacted in 2021 and is therefore used to measure UK deferred taxes in both 2021 and 2022, to the extent the related timing differences are expected to reverse in 2023 or later.

10. Exceptional items

	2022 £	*2021* *£*
Waiver of intercompany loan	**2,726,000**	-

During the year, the Group's ultimate parent waived a subsidiary of Group its obligation to repay an intercompany loan due.

11. Tangible fixed assets

Group

	Plant and machinery	Motor vehicles	Total
	£	£	£
Cost			
At 1 October 2021	24,552,248	1,171,096	25,723,344
Additions	3,928,867	92,611	4,021,478
Transfers intra group	-	46,714	46,714
Disposals	(789,701)	(193,018)	(982,719)
At 30 September 2022	27,691,414	1,117,403	28,808,817
Depreciation			
At 1 October 2021	20,848,024	801,812	21,649,836
Charge for the year on owned assets	1,817,257	176,576	1,993,833
Transfers intra group	-	46,714	46,714
Disposals	(789,701)	(193,018)	(982,719)
At 30 September 2022	21,875,580	832,084	22,707,664
Net book value			
At 30 September 2022	5,815,834	285,319	6,101,153
At 30 September 2021	*3,704,224*	*369,284*	*4,073,508*

11. Tangible fixed assets (continued)

Company

	Plant and machinery	Motor vehicles	Total
	£	£	£
Cost			
At 1 October 2021	42,553	372,746	415,299
Transfers intra group	-	3,330	3,330
Disposals	-	(62,296)	(62,296)
At 30 September 2022	42,553	313,780	356,333
Depreciation			
At 1 October 2021	42,553	255,190	297,743
Charge for the year on owned assets	-	66,346	66,346
Transfers intra group	-	20,620	20,620
Disposals	-	(62,296)	(62,296)
At 30 September 2022	42,553	279,860	322,413
Net book value			
At 30 September 2022	-	33,920	33,920
At 30 September 2021	*-*	*117,556*	*117,556*

12. Fixed asset investments

Company

	Investments in subsidiary companies
	£
Cost	
At 1 October 2021	**1,098**
At 30 September 2022	**1,098**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Hyde Details Limited	Ordinary	100 %
Hyde Coatings Limited	Ordinary	100 %
Hyde Precision Components Limited	Ordinary	100 %
Victoria Production Engineering Limited	Ordinary	100 %
Hyde Assemblies Limited	Ordinary	100 %
Hollygate Aircraft Components Limited	Ordinary	100 %
Hyde Details (Fabrications and Welding) Limited	Ordinary	100 %
Stoneswood Precision Components Limited	Ordinary	100 %
Hyde Group Engineering Limited	Ordinary	100 %
Hyde Additive Technologies Limited	Ordinary	100 %
S G Instruments Limited	Ordinary	98 %

The registered office of all subsidiaries is 185 Stamford House, Stamford Street, Stalybridge, Cheshire, SK15 1QZ.

13. Stocks

	Group 2022	*Group 2021*	Company 2022	*Company 2021*
	£	*£*	£	*£*
Raw materials	**452,357**	*576,110*	-	-
Work in progress	**3,908,572**	*2,514,896*	**1,040,472**	*90,972*
	4,360,929	*3,091,006*	**1,040,472**	*90,972*

14. Debtors

	Group 2022 £	*Group 2021 £*	Company 2022 £	*Company 2021 £*
Trade debtors	**8,927,618**	*6,826,721*	**3,965,977**	*1,272,181*
Amounts owed by group undertakings	**25,218,965**	*27,163,159*	**10,578,214**	*11,516,426*
Other debtors	**204,890**	*291,471*	**31,653**	*62,282*
Prepayments and accrued income	**1,038,650**	*496,633*	**251,796**	*110,626*
Tax recoverable	**116,762**	*-*	**32,159**	*-*
Deferred taxation	**107,896**	*679,991*	**146,152**	*160,569*
	35,614,781	*35,457,975*	**15,005,951**	*13,122,084*

Amounts owed by group undertakings are repayable on demand, unsecured and bear no interest.

15. Cash

	Group 2022 £	*Group 2021 £*	Company 2022 £	*Company 2021 £*
Cash at bank and in hand	**2,410,512**	*512,374*	**139,582**	*236,878*

16. Creditors: Amounts falling due within one year

	Group 2022 £	*Group 2021 £*	Company 2022 £	*Company 2021 £*
Trade creditors	**2,208,936**	*1,684,881*	**120,276**	*99,324*
Amounts owed to group undertakings	**-**	*-*	**1,604,132**	*1,285,292*
Corporation tax	**-**	*231,034*	**-**	*18,658*
Other taxation and social security	**1,151,079**	*709,028*	**508,813**	*191,753*
Other creditors	**424,525**	*284,709*	**160,797**	*162,562*
Accruals and deferred income	**1,087,494**	*1,033,039*	**116,648**	*95,452*
	4,872,034	*3,942,691*	**2,510,666**	*1,853,041*

17. Deferred taxation

Group

	2022	2021
	£	£
At beginning of year	**679,991**	*689,216*
Charged to profit or loss	**(572,095)**	*(9,225)*
At end of year	**107,896**	*679,991*

Company

	2022	2021
	£	£
At beginning of year	**160,569**	*127,158*
Charged to profit or loss	**(14,417)**	*33,411*
At end of year	**146,152**	*160,569*

The deferred tax asset is made up as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Accelerated capital allowances	**(94,339)**	*557,976*	**78,962**	*72,125*
Short term timing differences	**202,235**	*122,015*	**67,190**	*88,444*
	107,896	*679,991*	**146,152**	*160,569*

18. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
100 *(2021 - 100)* Ordinary shares of £1.00 each	**100**	*100*

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

19. Reserves

Merger Reserve

Represents the excess of net assets acquired over the nominal value of the shares issued in obtaining an interest in the equity share capital of another group entity.

Profit and loss account

Includes all current and prior year retained profits and losses.

20. Prior year adjustment

Impairment of investment in subsidiary

Following a review by management, it was identified that the transfer of a subsidiary company in 2016 to another wholly owned subsidiary of the ultimate parent undertaking had not been correctly reflected in the financial statements. This transfer has now been accounted for as a prior year adjustment.

The impact has been to decrease previously stated investment in subsidiaries by £2,500,000. The total impact on

opening reserves in the year ended 30 September 2022 is a decrease of £2,500,000. This adjustment had no impact

upon the tax or cash flows of the Group.

21. Contingent liabilities

The Group is party to an inter-company cross guarantee in favour of its bankers. The cross guarantee is for all amounts due to the bank by all of the group companies headed by Hyde Industrial Holdings Limited.

22. Capital commitments

At 30 September 2022, the Group had capital commitments of £591,035 (2021: £896,297).

At 30 September 2022, the Company had capital commitments of £Nil (2021: £Nil).

23. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held seperately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amount to £323,247 *(2021: £477,585)*. Contributions totalling £18,373 *(2021: £5,793)* were payable to the fund at the reporting date and are included in other creditors.

The Company operates a defined contribution pension scheme. The assets of the scheme are held seperately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amount to £22,270 *(2021: £130,665)*. Contributions totalling £2,524 *(2021: £300)* were payable to the fund at the reporting date and are included in other creditors.

24. Related party transactions

Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

In accordance with FRS 102, paragraph 33.1A, the Company is exempt from disclosing transactions with companies that are 100% owned within the Hyde Industrial Holdings Limited group.

Transactions and balances with subsidiaries less than 100% owned are detailed below:

	2022	*2021*
	£	*£*
Sales to group companies	**170,273**	*928,207*
Purchases from group companies	**219,695**	*1,085,980*
Amounts owed by group undertakings	**3,277,043**	*3,381,102*
Amounts owed to group undertakings	**797,082**	*1,005,426*

25. Controlling party

The immediate parent undertaking is Hyde Group Holdings Limited, a company registered in England and Wales, company number 03946707.

The ultimate parent undertaking is Hyde Industrial Holdings Limited, a company registered in England and Wales, company number 01165611.