

Magellan Aerospace (UK) Limited

Registered number 04909329

# Magellan Aerospace (UK) Limited

## ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 31 December 2022

COMPANIES HOUSE  
28 SEP 2023  
EDINBURGH MAILBOX



## **Magellan Aerospace (UK) Limited**

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**Magellan Aerospace (UK) Limited**

**COMPANY INFORMATION**

**Directors**

PC Underwood

HR Martin

JS Addis

EM Milantoni

**Registered number**

04909329

**Registered office**

Rackery Way

Llay

Wrexham

LL12 0BP

**Independent auditor**

Anderson, Anderson & Brown Audit LLP

81 George Street

Edinburgh

EH2 3ES

**Magellan Aerospace (UK) Limited**  
**STRATEGIC REPORT**  
**For the year ended 31 December 2022**

The Company's principal activity remains the manufacture of aerostructures and related components for the aerospace industry, predominantly for Airbus.

The civil aerospace sector is still experiencing the aftermath of the Covid-19 pandemic. After a sharp reduction in demand during 2020 and 2021, recovery remains uneven, with production of wide-body aircraft in particular yet to fully recover.

As set out in the profit and loss account, turnover increased from £90m in the prior year to £125m. Achieving this level of growth has been challenging, both operationally and financially: recruiting sufficient workers to deliver the increased volume and skilling them to meet the Company's exacting standards came at a cost. Together with substantial increases in energy costs, high general inflation, and supplier challenges, the effect was that operating losses deepened to £22.8m (2021: £17.4m).

The Company is seeking to negotiate price increases from its principal customer. With build rates continuing to grow, the Directors are optimistic about future prospects.

The principal performance indicators used are turnover and profit. The Company is a wholly-owned subsidiary of Magellan Aerospace Corporation, which is headquartered in Canada and is listed on the Toronto Stock Exchange. As such, the Directors believe that further key performance indicators for the Company are not appropriate for an understanding of the development, performance or position of the business. The performance of the Company and the group is discussed in the parent company's financial statements which do not form part of this report. Information on the ultimate parent company is included in note 21.

**Principal risks and uncertainties**

The Covid-19 pandemic highlighted that the Company is fundamentally dependent on the health of the commercial aerospace sector. Demand for air travel is now recovering with substantial aircraft orders being placed, including the world's largest ever order from Air India. The Company manufactures almost entirely for civilian aerospace and so has not been directly impacted by the war in Ukraine.

*Currency risk*

The Company's functional currency is GBP but a majority of revenue is denominated in USD. The currency risk is partly offset by purchasing a significant portion of materials cost in USD.

*Liquidity risks*

Liquidity is managed in conjunction with the parent group which provides funding as required.

Operating cash flows are heavily dependent on the timing of payments from the Company's principal customer. These remained reliable during the pandemic and are not considered a major risk.

*Commercial risks*

The Company's primary customers are very large global businesses with whom it has well established relationships. The parties work in partnership on current and future products. Risk is mitigated by long-term contracts and reliable forecasts of demand. Supply contracts allow for the pass-through of price increases affecting certain key materials, shielding the Company from some cost risk.

**Section 172 (1) statement**

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company in accordance with section 172 of the 2006 Companies Act. The Board ensures that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct. Similarly, the Board acknowledges that the business can only grow and prosper over the long-term if it understands and respects the views and needs of the Company's parent group, customers, employees, suppliers and other stakeholders to whom it is accountable. The Board assures itself that the governance structure and systems of controls continue to be robust. The Chairman, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure that the requirements of section 172 are always met and considered.

*Stakeholder engagement*

The Board will often engage directly with the stakeholders, however given wide geographical reach, stakeholder engagement often takes place at an operational level. The Board considers, discusses and reviews information from across the organisation to help understand the impact of Magellan's operations on key stakeholders.

Effect and impact – principal Board decisions and how the Board considered stakeholders views:

*Employees*

Our employees ensure success of our business, our open dialogue and continuous investment strengthens our culture. The Board reviews health and safety near misses and accidents, reviews staffing levels and addresses questions from trade unions and employee groups across the organisation.

The Board is satisfied that sufficient measures are in place to protect the health, safety and wellbeing of our people and continue to monitor the situation.

*Customers*

Our customers, predominately OEMs within the aerospace industry, are central to our business, they drive our production demand and the Board needs to respond to any changes in customer priorities. The Board considers both near-term demand and how priorities might change over a longer period.

We engage with our customers in a number of ways. Detailed product review meetings give us a chance to demonstrate our performance to our customers reviewing delivery performance, communication and engagement. Management review customer performance during monthly Business Reviews.

*Suppliers*

The Board recognises the key role suppliers play in Magellan's ability to deliver quality and timely product to our customers. During the COVID 19 pandemic, the Board considered the financial health of suppliers, in particular SMEs and their ability to continue supporting Magellan in delivering for our customers over the long-term.

*Investors*

The parent group, Magellan Aerospace Corporation manages third party investor relationships.

**Magellan Aerospace (UK) Limited**  
**STRATEGIC REPORT (continued)**  
**For the year ended 31 December 2022**

**Risk management**

The principal risks and uncertainties are set out elsewhere in this Strategic Report. The Board is also aware that an understanding of the future prospects of the Company is of vital importance to all stakeholders.

**Employee involvement**

During the year, the policy of providing employees with information about the Company has been continued through internal media and social media methods. Regular updates have been held virtually with local management and have been cascaded through their teams where appropriate.

**Equality**

Magellan Aerospace (UK) is committed to equality of opportunity for all current and prospective associates regardless of age, disability, race, religion or belief, sexual orientation, pregnancy and maternity, marriage and civil partnership and gender reassignment. We are an equal opportunity employer and support a culture of diversity and inclusion.

**Business relationships**

The Company endeavours to forge strong relationships with suppliers built on honesty, fairness, and mutual respect. We meet with key suppliers on a regular basis and take reasonable steps to ensure our suppliers comply with our standards, such as those relating to environmental responsibility, modern slavery, data protection, human rights, and ethics. We also aim to act responsibly in our engagement with regulators and insurers, we respond quickly and fully to any queries.

**Community and environment**

The Company's approach is to use its position of strength to create positive change for the people and communities with which we interact, giving back wherever it can. We want to leverage our expertise and enable our people to support the communities around us. We recognise our responsibilities to achieve good environmental practice and to continue to strive for improvement in areas of environmental impact. We are committed to energy efficiency improvement and continue to take steps in a continuous improvement strategy.

**Culture and values**

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our employees, customers and other stakeholders. We have carefully developed corporate values which are embedded within the day-to-day interactions of the Company.

**STREAMLINED ENERGY AND CARBON REPORT (SECR)**

Under the Streamlined Energy and Carbon Reporting legislation, the Company is required to report its energy consumption and greenhouse gas emissions arising in the UK. All scope 1 & 2 sources of energy and emissions have been disclosed as well as mandatory scope 3 sources of energy and emissions.

In comparison with our previous financial period, our overall energy consumption has decreased by 7% or 2,193.43 MWh and our total (location based) greenhouse gas emissions have decreased by 11% or 749.17 tCO<sub>2</sub>e. Our emissions intensity has decreased by 36% respectively. The reason for the substantial change in emissions intensity is the fact our turnover has increased as well as the slight

**Magellan Aerospace (UK) Limited**  
**STRATEGIC REPORT (continued)**  
**For the year ended 31 December 2022**

greening of the grid. Our turnover has risen 28% from £90m last year to £125m this year. Unlike last year we have noted our Market based emissions to enable comparison for next year.

We have previously set a target to reduce our GHG emissions 55% by 2030 (based on a 2008 baseline) across all manufacturing sites globally. This year to further assist us with that goal we have outlined the following energy efficiency actions for us to further invest into:

- Office refurbishments have automatic lighting controls and LED lighting.
- The Company is investigating installation of our own solar and/or wind power.
- EV charging stations have been installed and electric vans are on order to replace existing ICE fleet.
- Projects are being launched in 2023 to install sub-metering at plant level to identify high demand and so take remedial action.

**Sources of energy and emissions**

	Energy consumption		GHG emissions	
	2022	2021	2022	2021
	MWh	MWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e
Combustion of Natural Gas	14,078	15,795	2,569	2,893
Combustion of Liquefied Petroleum Gas	68	153	15	33
Combustion of Fuel in Company Vehicles*	156	217	38	26
Combustion of Gas Oil	-	26	-	6
<b>Scope 1 Total</b>	<b>14,302</b>	<b>16,191</b>	<b>2,622</b>	<b>2,958</b>
Generation of Purchased Electricity	17,128	17,517	828	3,719
Of Which from renewable sources	12,848	-	-	-
<b>Scope 2 Total (Market Based)</b>	<b>17,128</b>	<b>17,517</b>	<b>828</b>	<b>-</b>
<b>Scope 2 Total (Location Based)</b>	<b>-</b>	<b>-</b>	<b>3,312</b>	<b>3,719</b>
Combustion of Fuel in Staff Vehicles	85		21	27
<b>Scope 3 Total</b>	<b>85</b>	<b>109</b>	<b>21</b>	<b>27</b>
<b>Grand Total (Market Based)</b>	<b>31,514</b>	<b>33,707</b>	<b>3,470</b>	<b>6,704</b>
<b>Grand Total (Location Based)</b>	<b>31,514</b>	<b>33,816</b>	<b>5,955</b>	<b>6,704</b>
<b>Intensity per £m Turnover</b>			<b>47.61</b>	<b>74.80</b>

**Methodology**

*Conversion factors*

All conversion factors and fuel properties used in this disclosure have been taken from the 2022 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment,

**Magellan Aerospace (UK) Limited**  
**STRATEGIC REPORT (continued)**  
**For the year ended 31 December 2022**

Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence. The conversion factors utilised are set out below:

<b>Fuel</b>	<b>Conversion</b>	<b>Factor</b>
Electricity: UK	kg CO <sub>2</sub> e/kWh	0.19338
Natural gas (Standard UK grid)	kg CO <sub>2</sub> e/kWh (Gross CV)	0.18254
Diesel	kg CO <sub>2</sub> e/litre	2.55784
	kg CO <sub>2</sub> e/kWh (Gross CV)	10.60684
LPG	kg CO <sub>2</sub> e/tonne	2.93929
	kg CO <sub>2</sub> e/kWh (Gross CV)	0.18397

  

<b>Vehicle Type</b>	<b>Conversion</b>	<b>Factor</b>
Average Car: Unknown Fuel	kWh/mile (Net CV)	1.11320
	kg CO <sub>2</sub> e/mile	0.27465

*Utilities*

Where possible, energy consumption expressed in kilowatt-hours has been taken from suppliers' invoices. We have left one site during this period. This was at Deeside Industrial Park (Unit 34A First Avenue) in July. One site only had electricity data available up until the 16th of December, an estimation was used for the remaining days. All other sites had twelve months of invoiced electricity consumption data. These estimations equate to less than 1% of the Company's total electricity consumption. Twelve months' worth of invoiced consumption data was available for all natural gas supplies. Location-based kgCO<sub>2</sub>e/kWh conversion factors for the average UK grid supply have been used to calculate greenhouse gas emissions from electricity and natural gas consumption.

*Transport*

Staff drive personal or leased vehicles and are reimbursed through mileage claims. The kWh/mile and kgCO<sub>2</sub>e/mile conversion factors from the category "Cars (by size): Average Car & Unknown Fuel" have been used to calculate greenhouse gas emissions and underlying energy use. Mileage data was not available for our grey fleet this period so this has been estimated based on our current insurance for 38 vehicles with an average of 2,000 miles per year.

*Other Fuels & Emissions:*

We have 3 LPG-powered Fork Lift Trucks. As data for their usage was not available we have estimated their total consumption at 5,000 kg for the period. Maintenance records did not contain any instances of refrigerant leaks during the reference period. No other fugitive emissions have been identified.

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



EM Milantoni  
 Director  
 22 September 2023

**Magellan Aerospace (UK) Limited**  
**DIRECTORS' REPORT**  
**For the year ended 31 December 2022**

The Directors present their annual report and audited financial statements for the year ended 31 December 2022.

**Principal activities**

Magellan Aerospace (UK) Limited ("the Company") is a private limited company, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. Its principal activity remains the manufacture of aerostructures and related components for the aerospace industry.

**Results and dividends**

The results for the year are set out in the profit and loss account on page 16 and discussed in the Strategic Report. The Directors do not recommend payment of a dividend (2021: nil).

**Going concern**

There is clear long-term demand for the Company's products: principal aerostructure OEMs' build rates stabilised in 2023, and industry analysts forecast substantial growth over many years.

The Company has long term supply contracts and has access to financial resources sufficient for expected levels of on-going operational and capital expenditure. Analysis of forecast cash flows, with downside stress testing, has been prepared and reviewed by the Company's immediate and ultimate parent undertaking, Magellan Aerospace Corporation. The Directors have received confirmation from Magellan Aerospace Corporation that it will provide ongoing financial support if required and to the extent necessary to enable the company to meet its financial liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

The Directors thus have a reasonable expectation that the Company has adequate resources to continue in operational existence for period of at least twelve months from the date of approval these financial statements. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Charitable and political donations**

The Company made charitable donations in the year of £2,201 (2021: £nil). It did not make any political donations.

**Future developments**

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the coming year.

**Directors**

The Directors who held office during the year and up to the date of signing the financial statements are listed on page 3. Qualifying third party indemnity provisions were in force for the benefit of the Directors throughout the period and remain so at the date of this report.

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom

**Magellan Aerospace (UK) Limited**  
**DIRECTORS' REPORT (continued)**  
**For the year ended 31 December 2022**

Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 .

The Directors 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.

**Disclosure of information to auditors**

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

**Auditors**

The Directors appointed Anderson Anderson & Brown Audit LLP to fill the vacancy resulting from the resignation of the prior auditors. Anderson, Anderson & Brown Audit LLP will be deemed to be reappointed under s487(2) of the Companies Act 2006.

Approved by order of the board and signed its behalf by:



EM Milantoni  
Director  
22 September 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED  
For the year ended 31 December 2022**

**Opinion**

We have audited the financial statements of Magellan Aerospace (UK) Limited for the year ended 31 December 2022, which comprise the Profit & Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1-21, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED  
For the year ended 31 December 2022 (continued)**

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED  
For the year ended 31 December 2022 (continued)**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the Company's key performance indicators to meet targets;
- Revenue recognition;
- Management judgement applied in calculating provisions; including the inventory provision;
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the Company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Reviewing a sample of December 2022 and January 2023 sales to ensure relevant income has been recorded accurately in the correct period;
- Reviewing post year end invoices and cash receipts for a sample of customers included in work in progress at the year end;
- Enquiries of management about litigation and claims and inspection of relevant correspondence; and
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED  
For the year ended 31 December 2022 (continued)**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Andrew Shaw (Senior Statutory Auditor)  
For and on behalf of  
Anderson Anderson & Brown Audit LLP  
81 George Street  
Edinburgh EH2 3ES  
28 September 2023

**Magellan Aerospace (UK) Limited**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2022**

	Note	2022 £ 000	2021 £ 000
Turnover	4	125,070	89,643
Cost of sales		<u>(134,991)</u>	<u>(97,717)</u>
<b>Gross loss</b>		<b>(9,921)</b>	<b>(8,074)</b>
Distribution costs		(2,938)	(2,788)
Administrative expenses		(8,651)	(6,084)
Restructuring costs	5	(1,672)	(1,508)
Profit on sale of fixed assets		76	170
Other operating income	6	<u>331</u>	<u>889</u>
Operating loss	7	<b>(22,775)</b>	<b>(17,395)</b>
Finance expense	9	(115)	(11)
Loss before tax		<u>(22,890)</u>	<u>(17,406)</u>
Tax on loss	10	-	4,586
Loss for the year		<u><b>(22,890)</b></u>	<u><b>(12,820)</b></u>
Total comprehensive loss for the year		<u><b>(22,890)</b></u>	<u><b>(12,820)</b></u>

The results for the year arose from continuing operations.

There are no gains or losses other than the result stated above and accordingly a separate statement of comprehensive income is not provided.

Registered Number 04909329  
Magellan Aerospace (UK) Limited  
BALANCE SHEET  
For the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
<b>Non-current assets</b>			
Intangible assets - goodwill	11	399	472
Intangible assets - negative goodwill	11	(1,793)	(1,860)
Tangible assets	12	33,717	34,782
Investments	13	4,541	4,541
Deferred tax asset	18	6,021	6,021
Debtors - amounts falling due after more than one year	15	753	2,795
		<b>43,638</b>	<b>46,751</b>
<b>Current assets</b>			
Stock	14	27,251	22,170
Debtors	15	35,915	40,497
Cash at bank and in hand		11,637	1,299
		<b>74,803</b>	<b>63,966</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(54,553)</b>	<b>(57,617)</b>
<b>Net current assets</b>		<b>20,250</b>	<b>6,349</b>
<b>Total assets less current liabilities</b>		<b>63,888</b>	<b>53,100</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(35,660)</b>	<b>(1,982)</b>
<b>Net assets</b>		<b>28,228</b>	<b>51,118</b>
<b>Capital and reserves</b>			
Called up share capital	19	16,100	16,100
Retained earnings		12,128	35,018
<b>Shareholder's funds</b>		<b>28,228</b>	<b>51,118</b>

The financial statements were approved by the board of directors and authorised for issue on 22 September 2023. They were signed on its behalf by:



EM Milantoni  
Director  
22 September 2023

**Magellan Aerospace (UK) Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2022**

	<b>Share capital £ 000</b>	<b>Profit and loss reserves £ 000</b>	<b>Total shareholder's funds £ 000</b>
<b>At 1 January 2021</b>	16,100	47,838	63,938
Total comprehensive loss for the year	-	(12,820)	(12,820)
<b>At 31 December 2021</b>	16,100	35,018	51,118
<b>At 1 January 2022</b>	16,100	35,018	51,118
Total comprehensive loss for the year	-	(22,890)	(22,890)
<b>At 31 December 2022</b>	16,100	12,128	28,228

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**1 General information**

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The registered office is at Rackery Way, Llay, Wrexham LL12 0BP. The principal activity of the Company is the manufacture of aerostructures and related components.

**2 Accounting Policies**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). As a qualifying entity, the Company has taken advantage of the disclosure exemptions in Section 1.12 of FRS 102, including:

- the requirement to prepare a statement of cashflows;
- the financial instrument disclosures required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements to disclose key management remuneration required under FRS102 paragraph 33.7.

Where applicable, such disclosures are provided in the financial statements of the ultimate parent company, Magellan Aerospace Corporation, which are publicly available.

The financial statements are prepared in GBP, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £000.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end. Exchange differences arising from the re-translation of foreign currency denominated assets and liabilities together with other exchange differences arising in the year are included in the profit and loss account.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company has taken advantage of the exemption in s401 Companies Act 2006 not to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**2.2 Going concern**

The Company has access to financial resources sufficient for expected levels of on-going operational and capital expenditure, in addition to long term contracts with key major customers.

The Directors believe that the Company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Company's needs. Analysis of future cash flows, with downside stress testing, has been prepared and reviewed by the Company's immediate and ultimate parent undertaking, Magellan Aerospace Corporation. The Directors have received confirmation from Magellan Aerospace Corporation that it will provide ongoing financial support if required to the extent necessary to enable the company to meet its financial liabilities as they fall due for at least twelve months from the date of approval of these financial statements

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**2.3 Turnover**

Turnover represents the invoiced value of goods and services supplied by the Company, net of discounts, rebates and VAT, and is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer.

**2.4 Long term contracts**

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of work completed at the period end, by recording turnover and related costs as contract activity progresses or milestones are met. Full provision is made for losses on all contracts in the period where first foreseen. Revenues derived from contract variations are only recognised when accepted by the customer.

**2.5 Government grants**

Government grants relating to revenue are recognised in other income over the same period as the costs that the grant is intended to support.

Grants received in respect of capital equipment purchases are released to the profit and loss account over the useful life of the asset.

**2.6 Research and development**

Research and development expenditure is charged to profit and loss as incurred.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**2.7 Intangible fixed assets**

***Goodwill***

Negative goodwill arising on the acquisition of businesses represents the deficit of the fair value of the identifiable assets and liabilities acquired over the fair value of consideration. It is released to the profit and loss account in line with the utilisation of the non-monetary assets to which it relates. In the case of inventory this was as it was used, and for tangible fixed assets over their useful economic lives which range from 3 to 40 years. All inventory has been utilised.

Acquired goodwill is being amortised over a period of 8.8 years, being the residual of the estimated useful life goodwill arising on the initial acquisition of these companies.

**2.8 Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any accumulated impairment.

Depreciation is charged so as to allocate the cost of assets, less estimated residual value, on a straight line basis over the useful economic life of that asset as follows:

Freehold land	nil
Freehold buildings	2.5%
Plant and equipment	10-20%
Computers	20-33%
Motor vehicles	33%

**2.9 Investments**

Investments in subsidiaries are stated at cost less accumulated impairment, if any. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be fully recoverable.

**2.10 Cash**

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

**2.11 Stocks**

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost comprises the cost of raw materials and an appropriate proportion of labour and overheads. Provision is made for obsolete and slow moving items.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**2.12 Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

*Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price. Financial assets classified as receivable within one year are not amortised.

Financial assets are assessed for indicators of impairment at each period end and any impairment loss recognised through profit and loss.

*Classification of financial liabilities*

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.

*Basic financial liabilities*

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**2.13 Taxation**

*Current tax*

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

*Deferred tax*

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**2.14 Provisions for liabilities and charges**

Provisions for liabilities and charges are recognised where a legal obligation exists and the amount be reasonably quantified.

**2.15 Leases**

Leases where substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight line basis over the period of the lease.

**2.16 Pensions**

The Company operates a defined contribution pension scheme for eligible employees. Contributions are charged to profit and loss in the period in which they fall due.

**3 Critical accounting estimates and judgements**

In the application of the Company's accounting policies, judgements, estimates and assumptions are made about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

*Critical judgements in applying the Company's accounting policies*

The principal areas where there are critical accounting judgements concern the useful economic lives of tangible and intangible fixed assets and the value of investments in subsidiaries. Management periodically review carrying values for indicators of impairment and to ensure that depreciation and amortisation periods remain appropriate.

*Key sources of estimation uncertainty*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**4 Turnover**

Turnover derives entirely from the manufacture of aerostructures and related components. The geographic split is:

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
United Kingdom	<b>111,538</b>	80,042
Rest of Europe	<b>8,996</b>	6,655
Americas	<b>432</b>	1,149
Asia Pacific	<b>4,104</b>	1,797
	<b>125,070</b>	89,643

**5 Restructuring costs**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Restructuring costs	<b>1,672</b>	1,508

Restructuring costs relate to closure of the Company's Bournemouth site, together with costs of downsizing in response to Covid-19.

**6 Other operating income**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Amounts received under Coronavirus Job Retention Scheme	-	68
Foreign exchange gains		
	<b>331</b>	821
	<b>331</b>	889

**7 Operating loss**

Operating loss is stated after charging (crediting):

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Auditors' remuneration		
<i>current auditors</i>		
- fees for audit of the financial statements	<b>175</b>	-
<i>former auditors</i>		
- fees for audit of the financial statements	<b>87</b>	249
- tax compliance services	<b>62</b>	66
Amortisation of negative goodwill	<b>(67)</b>	(68)
Amortisation of positive goodwill	<b>73</b>	73
Depreciation of property plant and equipment	<b>4,837</b>	4,075
Operating lease charges	<b>348</b>	617

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**8 Employees and Directors**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Wages and salaries	27,542	22,612
Social security costs	3,023	2,170
Pension costs	985	925
	<u>31,550</u>	<u>25,707</u>

Payroll costs stated are before amounts received from the Coronavirus Job Retention Scheme of £nil (2021: £68,000).

The average number of people employed by the Company was

	<b>2022</b>	2021
Administration	57	66
Production	706	574
Sales and marketing	6	6
	<u>769</u>	<u>646</u>

Remuneration paid to directors

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Remuneration for qualifying service	415	389
Payments to defined contribution pension scheme	20	15
	<u>435</u>	<u>404</u>
Aggregate amounts receivable under long term incentive plan	<u>10</u>	<u>10</u>

The highest paid director received remuneration of £221,520 (2021: £219,183). Two of the directors were employed and remunerated by other group companies.

Contributions were made to a defined contribution pension scheme in respect of one director (2021: one).

**9 Interest and finance costs**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Bank interest payable	115	11
	<u>115</u>	<u>11</u>

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**10 Taxation**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
<b>Corporation tax</b>		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	-	(198)
<b>Total current tax</b>	<b>-</b>	<b>(198)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(3,260)
Adjustments in respect of previous periods	-	318
Effect of changes in rates	-	(1,446)
	<b>-</b>	<b>(4,388)</b>
<b>Total income tax credit</b>	<b>-</b>	<b>(4,586)</b>

The actual tax charge differs from the standard UK corporation tax rate of 19% (2021: 19%). The difference comprises:

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Loss before tax	<b>(22,888)</b>	(17,406)
Expected tax charge based standard rate of corporation tax in the UK of 19% (2020: 19%)	<b>(4,349)</b>	(3,307)
Effects of		
Expenses not deductible	-	47
Adjustments in respect of prior years	-	120
Deferred tax on losses not claimed	<b>4,349</b>	-
Tax rate changes	-	(1,446)
<b>Total credit for the year</b>	<b>-</b>	<b>(4,586)</b>

The Finance Act 2022 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% (2021: 25%) which represents the future corporation tax rate as enacted at the balance sheet date.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**11 Intangible fixed assets**

	<b>Negative goodwill</b>	<b>Acquired goodwill</b>
	£ 000	£ 000
<b>Cost</b>		
At 1 January 2022 and 31 December 2022	<u>(10,263)</u>	<u>643</u>
<b>Accumulated amortisation</b>		
At 1 January 2022	(8,403)	171
(Release)/Charge for year	<u>(67)</u>	<u>73</u>
<b>At 31 December 2022</b>	<u>(8,470)</u>	<u>244</u>
<b>Net book value</b>		
At 31 December 2021	<u>(1,860)</u>	<u>472</u>
<b>At 31 December 2022</b>	<u>(1,793)</u>	<u>399</u>

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**12 Tangible fixed assets**

	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Computers</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2022	13,760	68,460	1,706	137	<b>84,063</b>
Additions	2,575	1,082	136	-	<b>3,793</b>
Disposals	-	(4,964)	-	-	<b>(4,964)</b>
Transferred to group company	-	(1,425)	-	-	<b>(1,425)</b>
<b>At 31 December 2022</b>	<b>16,335</b>	<b>63,153</b>	<b>1,842</b>	<b>137</b>	<b>81,467</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	3,112	44,449	1,583	137	<b>49,281</b>
Charge for year	284	4,485	68	-	<b>4,837</b>
Disposals	-	(4,943)	-	-	<b>(4,943)</b>
Transferred to group company	-	(1,425)	-	-	<b>(1,425)</b>
<b>At 31 December 2022</b>	<b>3,396</b>	<b>42,566</b>	<b>1,651</b>	<b>137</b>	<b>47,750</b>
<b>Net book value</b>					
At 31 December 2021	10,648	24,012	123	-	<b>34,782</b>
<b>At 31 December 2022</b>	<b>12,939</b>	<b>20,587</b>	<b>191</b>	<b>-</b>	<b>33,717</b>

Land and Buildings includes £2,702,000 (2021: £2,702,000) in respect of freehold land. This has not been depreciated.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**13 Investments**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Investments in subsidiary companies	<b>4,541</b>	4,541

The Company directly owns 100% of the issued share capital of

- Magellan Aerospace (Greyabbey) Limited, an intermediate holding company incorporated in Northern Ireland with registered office at 11 Tullykevin Road, Greyabbey, Co Down, BT22 2QE.

The Company indirectly owns 100% of the issued share capital of

- Magellan Aerospace (Blackpool) Limited, a dormant company incorporated in England and Wales with registered office at 30 Finsbury Square, London, EC2A 1AG. This company is in liquidation.
- Magellan Aerospace (Polska) Sp zoo, a manufacturer of aerospace components incorporated in Poland with registered office at Wojska Polskiego 3, 39-300 Mielec, Poland.

The liquidation of Magellan Aerospace (Blackpool) Limited is not expected to have a material impact on the carrying value of investments.

**14 Stock**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Raw materials and consumables	<b>4,437</b>	4,624
Work in progress	<b>18,406</b>	14,015
Finished goods	<b>4,408</b>	3,531
	<b>27,251</b>	22,170

There is no significant difference between the replacement cost of the inventory and its carrying amount.

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**15 Debtors**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Trade debtors	<b>28,446</b>	29,450
Prepayments and accrued income	<b>2,250</b>	2,709
Corporation tax	<b>237</b>	237
Amounts owed by group undertakings	<b>4,982</b>	8,101
	<hr/> <b>35,915</b>	<hr/> 40,497
<i>Amounts falling due after more than one year</i>		
Other debtors	<b>753</b>	2,795
	<hr/> <b>753</b>	<hr/> 2,795

Amounts owed by group undertakings include \$1.2m (2021: \$1.2m) earning interest at LIBOR + 2.25%. The remainder earns no interest. All amounts owed by group undertakings are repayable on demand.

Amounts falling due after more than one year include customer-funded development costs which are recoverable based on units of supply. The Company periodically reviews the carrying amount to ensure recoverability.

**16 Creditors – amounts falling due within one year**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Trade creditors	<b>12,236</b>	7,379
Other tax and social security	<b>2,349</b>	2,302
Other creditors	<b>332</b>	-
Accruals and deferred income	<b>14,708</b>	9,243
Amounts owed to group undertakings	<b>24,928</b>	38,693
	<hr/> <b>54,553</b>	<hr/> 57,617

Amounts owed to group undertakings are unsecured and carry no interest. All amounts owed by group undertakings are repayable on demand.

**17 Creditors – amounts falling due after more than one year**

	<b>2022</b>	2021
	<b>£ 000</b>	£ 000
Other creditors	-	1,481
Amounts owed to group undertakings	<b>35,203</b>	-
Deferred grant income	<b>457</b>	501
	<hr/> <b>35,660</b>	<hr/> 1,982

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**18 Deferred tax**

	£ 000
At 1 January 2022	6,021
Adjustments in respect of prior years	-
Deferred tax credited for the year	-
<b>At 31 December 2022</b>	<b>6,021</b>

The deferred tax balance comprises:

	2022	2021
	£ 000	£ 000
Short term timing differences	(31)	(31)
Accelerated capital allowances	(1,009)	(1,009)
Tax losses	7,061	7,061
	<b>6,021</b>	<b>6,021</b>

The Company has unrecognised deferred tax assets of £4.3m (2021: nil).

**19 Share capital**

	2022	2021
	£ 000	£ 000
16,100,001 Ordinary shares of £1 each		
Allotted and fully paid	<b>16,100</b>	<b>16,100</b>

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

**20 Lease commitments**

The Company had total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022	2021
	£ 000	£ 000
Payments due		
Within one year	122	379
Later than one year and not later than five years	-	138
	<b>122</b>	<b>517</b>

The Company had commitments in respect of capital expenditure and raw materials at 31 December 2022 of £13.7m (2021: £28.3m).

**Magellan Aerospace (UK) Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**21 Controlling party**

The immediate and ultimate parent company and the largest company to consolidate these financial statements is Magellan Aerospace Corporation, a company incorporated in Canada and listed on the Toronto Stock Exchange.

The registered office of Magellan Aerospace Corporation and the address from which the consolidated financial statements are available to the public is 3160 Derry Road East, Mississauga, Ontario, Canada L4T 1A9.