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**RLC (UK) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2024**

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**RLC (UK) LIMITED**

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**COMPANY INFORMATION**

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**Directors**

G W Davies  
S C Holt  
S D McCaslin

**Company secretary**

S A Major (appointed 29 April 2024)  
S D McCaslin (resigned 29 April 2024)

**Registered number**

01195730

**Registered office**

Metcalf Drive  
Altham  
Accrington  
BB5 5AY

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
17th floor  
103 Colmore Row  
Birmingham  
West Midlands  
B3 3AG

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**RLC (UK) LIMITED**

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## RLC (UK) LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2024

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The directors present the Strategic Report together with the Directors' Report and the audited financial statements of RLC (UK) Limited ("the Company") for the year ended 30 June 2024.

#### Business overview

The Company is a world class provider of components, services and technology to the civil and military aerospace industry. The Company has operating facilities in Lancashire and Northern Ireland. The Company has a clear strategy with the aim of creating long term value and sustainable shareholder return. The Company seeks to preserve and enhance its strategic position by driving industry leading quality and delivery performance, developing its technological capability and engineering resource and collaborating with key customers and suppliers. This is achieved by:

- Long Term Agreements with its customers in both the civil and military markets, which is the norm in the industry.
- A prominent position on military aircraft, dominated by the F-35 Joint Strike Fighter titanium fuselage components and titanium fan blades; and
- A strong position on civil aircraft with world leading capabilities in the provision of low pressure blisks / integrally bladed rotors, structural guide vanes, titanium detail structures used in the fabrication of hollow wide chord fan blades, outlet guide vane panels and annulus fillers.

#### Key business highlights

Revenue from civil engine components has continued to increase due to aircraft volume and flying hours recovering post Covid which has been led by narrow body but is also recovering in widebody. RLC has seen some limits on the pace of recovery due to well publicised industry wide constraints particularly raw material such as Titanium. These supply constraints are likely to limit industry growth for the next 12 to 18 months at which point a balanced position is likely to be restored. We continue to see strong growth for future Geared TurboFan powered aircraft as well as a fast growth in overhaul. The Company is taking a prudent view against the pace of recovery while insuring it can meet customer demand. We have LTA's in place with all our customers which have expiry periods stretching out to 2033 and during the year we renewed an existing LTA with one of our major customer product lines until the end of 2029. Demand for military components remains strong as we have a strong position on F35 Platform.

External economic factors have made for a more difficult business environment during the year. Whilst Management aim to mitigate the impact to the Company as much as possible, the Company is not immune to these challenges. Inflationary cost increases (including Heat, Light and Power) impacted the Company earlier in the year though these have eased somewhat towards the end of the year.

The Company continued to support fully its development programmes throughout the year for current and future customer production requirements with an emphasis on investment and engineering.

The Company suffered an IT incident in November 2022 that had a significant impact to the business. The Company has now recovered. Post the event the Company has engaged a third-party specialist so that the business has enhanced security capabilities, technical measures, processes and coverage. In addition, RLC UK now holds ISO27001 and Cyber Essentials Plus providing further external validation of the resilience of our IT systems.

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**RLC (UK) LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

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**Key performance indicators**

Performance indicators are used consistently throughout the Company's operating facilities and are used to measure the relative performance and development. The key indicators are considered to be:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Turnover	<b>119,332</b>	<b>95,302</b>
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	<b>11,017</b>	<b>9,499</b>
Reported (loss)/profit Before Taxation (PBT)	<b>(2,317)</b>	<b>400</b>

The negative PBT for the year ending June 2024 is driven by an impairment of (£3,371k) taken on a long-term contract.

**Directors' statement of compliance with duty to promote the success of the Company**

The directors of the Company, as those of all UK companies, must act in accordance with a set of general duties which are detailed in section 172 of the Companies Act 2006. These duties include a duty by the directors of the Company to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision making.

In support of the wider Aerospace and Defence industry focus on broader sustainability issues, the Company holds Ecovadis Silver accreditation which places it in the top 15% of comparable companies across a range of ESG metrics. This external validation is used to support directors' decision making from a broader stakeholder perspective under the Companies Act 2006 and has helped identify areas of further investment and improvement. We very much take a proactive sustainability approach and are engaged in preparing for any future reporting requirements the UK adopts.

As part of their induction, directors are briefed on their duties as required and they can access professional advice on these, either through the Company or, if they judge it necessary, from an independent provider. It is important to acknowledge that the directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to senior management.

**Principal risks and uncertainties**

Risk management is an important function at Board and senior executive level and the Company continues to develop and improve its risk assessment and processes to ensure that they become embedded in the way the Company works at all levels.

Although market confidence continues to return, the civil aerospace market recovery is still vulnerable to macroeconomic conditions. To mitigate the risks, the Company maintains regular scenario-based assessments and planning exercises to ensure we are ready to respond to a variety of situations.

Achieving ramp up rates remains a very current issue both with raw material supply uncertainties alongside internal ramp up execution. We remain very close to our customers and suppliers to get the best insights possible to anticipate increases or reductions in rate.

Business continuity risks internally and in the supply chain are identified and addressed on a risk basis, especially single points of failure where targeted investments have been made on case by case basis.

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**RLC (UK) LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

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**Governance**

The Company is part of a privately owned group of companies ("the group") and the ultimate parent company RLC Engineering Group Limited is committed to upholding the highest standards of business conduct and ethical behaviour, together with public company standards of corporate governance.

We have assessed the relevance of the guidelines set out in the UK Corporate Governance Code, the Corporate Governance Guidance and Principles for Unlisted Companies published by the Institute of Directors, and the Wates governance principles, and have adopted these where relevant to our business and structure. We have elected to do this so that the highest of standards of governance are at the heart of everything we do.

The Company sets these high standards through its suite of policies and procedures including its Ethics and Business Conduct policy and its Code of Conduct policy.

**Executive and management control**

The Company is held accountable by a UK Board which comprises a Chairman, a Director and an Executive Director. There is a balanced breadth of experience on the Board. Strategy and planning are the responsibility of the Board and executed by the Managing Director. The senior executive leadership team, led by the Managing Director, is responsible for the day-to-day operations of the business.

**Future developments**

The directors have positive expectations about the future of the Company whilst being mindful of external risks beyond our control in particular macroeconomics and geopolitical issues. The Company is well positioned to benefit from the recovery in civil demand and the forecasts indicate that the positive trends will continue, while military demand is expected to remain strong and stable.

This report was approved by the board on

28/1/2025

and signed on its behalf.

*Gareth Davies*

**G W Davies**  
Director

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**RLC (UK) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2024**

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The Directors present their report and the financial statements for the year ended 30 June 2024 and subsequently.

**Principal activity**

The principal activity of the Company is the supply of precision manufacturing to the aerospace industry. The business is operated from two sites in Lancashire and one site in Northern Ireland.

**Results and dividends**

The loss for the year, after taxation, amounted to £3,595,000 (2023: £483,000).

The Company did not pay an interim dividend in the year.

The Directors did not recommend the payment of a final dividend.

**Directors**

The Directors who served during the year and subsequently were:

S C Holt  
S D McCaslin  
G W Davies

**Directors' Responsibilities Statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare financial statements which give a true and fair view of the state of affairs and profit or loss of the Company for that period.

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

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**RLC (UK) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

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**Qualifying third party indemnity provisions**

The Company has provided qualifying indemnity provisions in respect of the board of Directors which were in force during the year and at the date of this report.

**Environmental matters**

The Company seeks to minimise adverse impacts on the environment from its activities, whilst continuing to address health and safety issues. The Company is certified to ISO14001 and has complied with all applicable legislation and regulations. It is also in the process of gaining accreditation of ISO50001. It is taking a proactive approach to reducing its carbon emissions and reducing avoidable waste.

**Streamlined Energy and Carbon Reporting (SECR)**

This report provides emissions disclosure and supporting data required to comply with the Companies Act 2006.

During the course of the year there has been positive progress reducing energy consumption particularly through upgrading the Building Management System, replacing and refurbishing compressors and compressors control systems. These and other measures have improved energy intensity by 10%.

**Methodology**

The information reported below shall include the impact from all relevant activities where the Company exhibits financial and/or operational control. The Company shall use verifiable data where practicable, or through reasonable estimates derived through calculation based on verifiable data. The data below includes UK consumption of electricity, gas and transport fuels where the Company is directly responsible for such fuel usage (i.e. GHG scope 1 and 2).

The intensity ratio is calculated by dividing tonnes CO<sub>2</sub>e by the number of production hours, this being the metric that is most closely tied to the volume in production of the Company during the period. The Directors consider the below intensity ratio to be the most appropriate ratio as the primary business of the Company is the manufacture of precision components for the Aerospace industry.

*Emissions and energy use data*

	<b>2023/24</b>	<i>2022/23</i>
Total energy consumption used to calculate emissions (kWh)	<b>19,570,780</b>	<i>19,510,370</i>
Total carbon emissions (tonnes of CO <sub>2</sub> e)	<b>3,971</b>	<i>4,036</i>
Production hours ('000 hours)	<b>904</b>	<i>506</i>
Intensity ratio (Carbon emissions/Machining Hours)	<b>4.39</b>	<i>7.97</i>

**Financial risk management**

Certain trade debtors and trade creditors are denominated in US Dollars and certain trade creditors and capital creditors are denominated in Euros, although the Euro balances are smaller in size.

The Company's financial risk management objective is to seek to reduce its exposure to currency movements and to make neither a profit nor loss from the exposure to currency risk. The Company adopts, where necessary, an appropriate hedging policy where a natural hedge is not fully in place. These derivatives are accounted for on the Balance Sheet at fair value as required by the applicable accounting standards.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position on profit.

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**RLC (UK) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

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**Research and development**

The Company continues to invest in the latest technology and employee training to maximise the skill base and learning in order to safeguard employment and develop business capability for the future.

**Engagement with suppliers, customers and others**

**Customers**

A close working relationship with our customers helps us to better understand their needs in support of their key programmes and to provide suitable and reliable products and services to exacting quality standards. Our dedicated teams ensure we constantly improve our processes, providing confidence in the delivery of everything we do and ensuring that we meet our commitments. It is this employee experience, expertise, passionate engagement and engineering ambition that our customers seek.

**Suppliers**

The Company has a broad range of suppliers, from those who provide material for production, goods used in design and development, through to the supply of software and services for facility maintenance and IT support. Our company-wide Ethics and Business Conduct policy helps us build our reputation for and makes clear the high ethical standards to which we operate. Interaction with our suppliers and treating suppliers fairly allows us to drive higher standards and reduce risk in our supply chain whilst benefiting from cost efficiencies and positive environmental outcomes.

**Shareholders**

The parent company continues to support the Company. The Company provides information on its performance to the parent company in accordance with good corporate governance.

**Community**

Contributing to the wider society enables us to create stronger communities and have a positive environmental impact. The Company's approach to environmental and social matters is of high importance.

**Employees**

During the year we have made a significant investment in creating an engaged environment, informed by employee opinion surveys. This supports our continuous improvement activity which is central to our ongoing competitiveness. This will continue into the following year. Consultation with employees and their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests (current and future). Communication with employees is through a variety of means including meetings, intranet, policies and procedures. The senior leaders are kept fully informed and engaged in the business through regular Senior Leadership Team meetings. Engaging with our employees enables us to create an inclusive culture and a positive working environment.

**Disabled employees**

The Company's policy in relation to the employment of disabled persons is to give full consideration to job applications received from disabled persons. Candidates are appointed on the basis of their ability to perform the duties of the job. Where appropriate special training is given to facilitate engagement of the disabled and modifications to the job will be considered.

Where an employee becomes disabled whilst employed by the Company, arrangements will be made wherever possible for re-training in order that a different job may be performed within the Company.

**Matters covered in the Strategic Report**

The Company has elected to provide details of the business review, key performance indicators, future developments and principal risks and uncertainties in the Strategic report.

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RLC (UK) LIMITED

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

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**Going concern**

The Directors acknowledge that the Company had net current liability of £7.3m as at 30 June 2024 (2023: net current asset £0.5m). This net current liability position has arisen primarily due to a short-term loan from the parent company and a planned, in year, settlement of the short term and part of the longer term loans from the parent. The net asset position remained robust at £18.7m (2023: £22.3m).

During the year the Company generated £6.5m from its operating cash flow and, as the business continues to grow, the Company has taken additional loans of £1.6m from the parent company.

The forecast to January 2026 shows improving operating cash flows, underpinned by the continuing increase in civil demand and stable military demand. The Directors consider that cash flows will be sufficient to meet the Company's financing repayments and committed capital investments. The Directors have also considered the potential risks to the business over that period and are confident in the Company's ability to withstand such occurrences.

The Company maintains a strong relationship and accreditations with its customers as a key supplier in support of their major programmes. In the event of an unexpected adverse event, the Company has a number of options available.

After reviewing the Company's forecasts and projections to the 31 January 2026, the Directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**Post balance sheet events**

There have been no post balance sheet events.

**Disclosure of information to auditor**

The Directors confirm that:

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

**Auditor**

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

This report was approved by the board on 28/1/2025 and signed on its behalf.

*Garth Davies*

**G W Davies**  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RLC (UK) LIMITED

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### Opinion

We have audited the financial statements of RLC (UK) Limited (the 'Company') for the year ended 30 June 2024, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RLC (UK) LIMITED (CONTINUED)**

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

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

We have nothing to report in this regard.

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

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

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



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RLC (UK) LIMITED (CONTINUED)**

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

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

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

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

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RLC (UK) LIMITED (CONTINUED)**

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006).
- We communicated relevant laws and regulations and potential fraud risk to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations.
- We inquired of management and those charged with governance, concerning the Company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud. We corroborated the results of our enquiries to all relevant documentation.
- Audit procedures performed by the engagement team included:
  - Evaluation of the controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Reviewing revenues with characteristics deemed to be of a higher risk;
  - Identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RLC (UK) LIMITED (CONTINUED)**

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- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the client operates;
  - Understanding of the legal and regulatory requirements specific to the Company including:
    - The provisions of the applicable legislation
    - The applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The Company's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - The applicable statutory provisions;
  - The Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulatory, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements.

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.

*Peter Gamson*

Peter Gamson ACA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date: 28/1/2025

RLC (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 £000	2023 £000
Turnover	4	119,332	95,302
Cost of sales		(105,258)	(84,526)
<b>Gross profit</b>		<b>14,074</b>	<b>10,776</b>
Operating expenses		(14,151)	(8,954)
Other operating income	5	856	676
<b>Operating profit</b>	6	<b>779</b>	<b>2,498</b>
Interest receivable and similar income	10	8	2
Interest payable and similar charges	11	(3,104)	(2,100)
<b>(Loss)/profit before tax</b>		<b>(2,317)</b>	<b>400</b>
Tax on (loss)/profit	12	(1,278)	(883)
<b>Loss for the financial year</b>		<b>(3,595)</b>	<b>(483)</b>

There was no other comprehensive income for 2024 (2023: £Nil).

The notes on pages 19 to 40 form part of these financial statements.

All amounts relate to continuing operations.

**RLC (UK) LIMITED**  
**REGISTERED NUMBER:01195730**

**BALANCE SHEET**  
**AS AT 30 JUNE 2024**

	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Intangible assets	13	4,303	9,035
Tangible assets	14	40,305	42,988
		<u>44,608</u>	<u>52,023</u>
<b>Current assets</b>			
Stocks	15	18,768	13,765
Debtors: amounts falling due after more than one year	16	-	9
Debtors: amounts due within one year	16	8,407	7,581
Cash at bank and in hand	17	2,081	2,241
		<u>29,256</u>	<u>23,596</u>
Creditors: amounts due within one year	18	(36,587)	(23,124)
<b>Net current (liabilities)/assets</b>		<u>(7,331)</u>	<u>472</u>
<b>Total assets less current liabilities</b>		<u>37,277</u>	<u>52,495</u>
Creditors: amounts due after more than one year	19	(13,483)	(23,127)
<b>Provisions for liabilities</b>			
Deferred tax	22	(5,125)	(3,847)
Other provisions	23	-	(3,257)
		<u>(5,125)</u>	<u>(7,104)</u>
<b>Net assets</b>		<u><u>18,669</u></u>	<u><u>22,264</u></u>

**RLC (UK) LIMITED**  
**REGISTERED NUMBER:01195730**

**BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2024**

	Note	2024 £000	2023 £000
<b>Capital and reserves</b>			
Called up share capital	24	1,500	1,500
Capital redemption reserve	25	4,000	4,000
Capital contribution reserve	25	341	341
Profit and loss account	25	12,828	16,423
<b>Total shareholders' fund</b>		<b>18,669</b>	<b>22,264</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*Gareth Davies*

**G W Davies**  
 Director  
 Date: 28/1/2025

The notes on pages 19 to 40 form part of these financial statements.

**RLC (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2024**

	Called up share capital	Capital redemption reserve	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2023	1,500	4,000	341	16,423	22,264
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(3,595)	(3,595)
<b>Total comprehensive loss for the year</b>	-	-	-	(3,595)	(3,595)
<b>At 30 June 2024</b>	<b>1,500</b>	<b>4,000</b>	<b>341</b>	<b>12,828</b>	<b>18,669</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital	Capital redemption reserve	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2022	1,500	4,000	341	16,906	22,747
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(483)	(483)
<b>Total comprehensive loss for the year</b>	-	-	-	(483)	(483)
<b>At 30 June 2023</b>	<b>1,500</b>	<b>4,000</b>	<b>341</b>	<b>16,423</b>	<b>22,264</b>

The notes on pages 19 to 40 form part of these financial statements.

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**RLC (UK) LIMITED**


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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2024**


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	<b>2024</b>	<i>2023</i>
	<b>£000</b>	<i>£000</i>
<b>Cash flows from operating activities</b>		
Loss for the financial year	<b>(3,595)</b>	<i>(483)</i>
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>4,732</b>	<i>1,346</i>
Depreciation of tangible assets	<b>5,805</b>	<i>5,654</i>
(Profit)/Loss on disposal of tangible fixed assets	<b>55</b>	<i>-</i>
Amortisation of government grants	<b>(200)</b>	<i>(200)</i>
Interest received	<b>(8)</b>	<i>(2)</i>
Interest paid	<b>3,104</b>	<i>2,100</i>
Taxation charge	<b>1,278</b>	<i>883</i>
(Increase) in stocks	<b>(5,003)</b>	<i>(4,549)</i>
(Increase) in debtors	<b>(1,412)</b>	<i>(1,632)</i>
Increase in creditors	<b>3,143</b>	<i>1,813</i>
Decrease in amounts owed to groups undertakings	<b>743</b>	<i>73</i>
(Decrease)/increase in provisions	<b>(3,257)</b>	<i>-</i>
Receipt of government grants	<b>(78)</b>	<i>(78)</i>
Movement in derivative liability	<b>767</b>	<i>(2,266)</i>
Foreign exchange movements	<b>410</b>	<i>(819)</i>
<b>Net cash generated from operating activities</b>	<b>6,484</b>	<i>1,840</i>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	<b>-</b>	<i>(550)</i>
Purchase of tangible fixed assets	<b>(3,178)</b>	<i>(1,416)</i>
Interest received	<b>8</b>	<i>2</i>
<b>Net cash from investing activities</b>	<b>(3,170)</b>	<i>(1,964)</i>

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**RLC (UK) LIMITED**


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**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2024**


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	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from financing activities</b>		
Repayment of intercompany loans	(555)	(241)
New loans from group companies	2,116	5,380
Interest paid	(3,104)	(2,100)
Receipt of government grants	78	78
Sale and leaseback proceeds	-	800
Repayment of sale and leaseback	(2,009)	(2,812)
<b>Net cash used in financing activities</b>	<b>(3,474)</b>	<b>1,105</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(160)</b>	<b>981</b>
Cash and cash equivalents at beginning of year	2,241	1,260
<b>Cash and cash equivalents at the end of year</b>	<b>2,081</b>	<b>2,241</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,081	2,241

The notes on pages 19 to 40 form part of these financial statements.

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RLC (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

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**1. General information**

RLC (UK) Limited is a private company limited by shares and incorporated in England and Wales. Registered Number 01195730. Its registered head office is located at Metcalf Drive, Altham, Accrington, BB5 5AY.

The business is operated from two sites in Lancashire and one site in Northern Ireland.

**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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's presentational and functional currency is Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The following principal accounting policies have been applied:

**2.2 Going concern**

The directors acknowledge that the Company had net current liability of £7.3m as at 30 June 2024 (2023: *net asset* £0.5m). This net current liability position has arisen primarily due to a short-term loan from the parent company and a planned, in year, settlement of the short term and part of the longer term loans from the parent. The net asset position remained robust at £18.7m (2023: £22.3m).

During the year the Company generated £6.5m from its operating cash flow and, as the business continues to grow, the Company has taken additional loans of £1.6m from the parent company.

The forecast to January 2026 shows improving operating cash flows, underpinned by the continuing increase in civil demand and stable military demand. The directors consider that cash flows will be sufficient to meet the Company's financing repayments and committed capital investments. The directors have also considered the potential risks to the business over that period and are confident in the Company's ability to withstand such occurrences.

The Company maintains a strong relationship and accreditations with its customers as a key supplier in support of their major programmes. In the event of an unexpected adverse event, the Company has a number of options available.

After reviewing the Company's forecasts and projections to the 31 January 2026, the directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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RLC (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

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**2. Accounting policies (continued)**

**2.3 Related party transactions**

The Company has taken advantage of the exemption granted under FRS 102 paragraph 1.12 (e) to not disclose transactions with other group companies where they are wholly owned by a common parent entity.

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

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

**2.5 Turnover**

Turnover is comprised of the supply of precision manufacturing to the aerospace industry. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is typically recognised upon despatch of the goods to the customer.

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RLC (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

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**2. Accounting policies (continued)**

**2.5 Turnover (continued)**

**Customer contributions**

Customer contributions made to facilitate fixed asset purchases are initially recognised as deferred income then released to revenue on a straight line basis over the life of the corresponding assets when the following conditions are met:

- The contribution is received specifically for the purpose of funding the acquisition of fixed assets;
- Those fixed assets are used solely to manufacture that customer's product;
- There is an expectation that the fixed assets will be used over a defined period of time, for example as specified in a Long Term Agreement ("LTA").

**2.6 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.7 Operating leases: the Company as lessee**

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 July 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.8 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives. If a reliable estimate of the useful life cannot be made, the useful live shall not exceed five years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**RLC (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

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**2. Accounting policies (continued)****2.9 Government grants**

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme is designed to compensate for staff costs, so amounts received are recognised in the income statement over the same period as the costs to which they relate.

**2.10 Finance costs**

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

**2.11 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 Balance Sheet date in the countries where the Company operates and generates income.

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

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

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

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**RLC (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

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**2. Accounting policies (continued)**

**2.12 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Research and development - if a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is charged to cost of sales in the profit and loss account. The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**2.13 Tangible fixed assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Freehold property	- 50 years
Plant and machinery	- 12 to 20 years
Motor vehicles	- 4 years
Tooling	- 4 to 20 years
Office equipment	- 5 years

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised as a profit/loss on disposal.

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RLC (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

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**2. Accounting policies (continued)**

**2.13 Tangible fixed assets (continued)**

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.

**2.14 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.16 Financial instruments**

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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RLC (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

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2. Accounting policies (continued)

2.16 Financial instruments (continued)

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due within the operating cycle fall into this category of financial instruments.

**Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

**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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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**RLC (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

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**2. Accounting policies (continued)****2.16 Financial instruments (continued)****Other financial instruments**

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

**Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

**2.17 Pensions****Defined contribution pension plan**

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

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

**2.18 Provisions for liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

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**RLC (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

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**2. Accounting policies (continued)**

**2.19 Foreign currency forward contracts**

The Company uses foreign currency forward contracts to manage its exposure to foreign currency fluctuations on its foreign currency sales and purchases. These derivatives are measured at fair value at each Balance Sheet date.

**3. Critical accounting judgements and estimation uncertainty**

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial period include:

**Carrying value of fixed assets**

Tangible and intangible assets are recognised at cost, less accumulated depreciation, amortisation and any impairments. Amortisation and depreciation take place over the estimated useful life, down to the assessed residual value. The carrying amount of the Company's fixed assets is tested as soon as changed conditions show that a need for impairment may have arisen. This test uses discounted cash flows based on the latest long-term demand outlook provided by customers as at the Balance Sheet date.

**Inventory provisioning (Note 15)**

The cost of inventory and associated provisioning are considered regularly. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around the anticipated marketability of finished goods and future usage of raw materials.

**4. Turnover**

The whole of the turnover is attributable to one class of business, being the supply of precision manufacturing to the aerospace industry.

Analysis of turnover by country of destination:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>24,464</b>	23,186
Rest of Europe	<b>8,848</b>	7,863
Rest of the world	<b>86,020</b>	64,253
	<b>119,332</b>	95,302

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**RLC (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

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**5. Other operating income**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Amortisation of government grants	200	200
Government grants received	7	25
Research and development expenditure credit	457	451
Other operating income	192	-
	<b>856</b>	<b>676</b>
	<b>856</b>	<b>676</b>

**6. Operating profit**

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Government grants income	(207)	(225)
Research and development expenditure credit	(457)	(451)
Expenditure subject to government grants	78	25
Depreciation of tangible fixed assets	5,805	5,654
Operating lease rentals	937	875
Foreign exchange differences	(211)	(165)
Amortisation of deferred development expenditure	4,732	1,346
Inventory recognised as an expense	64,687	49,042
Other operating income	247	-
	<b>247</b>	<b>-</b>
	<b>247</b>	<b>-</b>

**7. Auditor's remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	138	176
Fees payable to the Company's auditor and its associates in respect of:		
Accounting services	10	10
Taxation compliance services	17	26
R&D taxation claim advice	35	37
Tax advisory - capital allowance review	-	7
	<b>-</b>	<b>7</b>
	<b>-</b>	<b>7</b>

RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

**8. Staff costs**

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

	2024 £000	2023 £000
Wages and salaries	22,511	18,761
Social security costs	2,222	1,496
Cost of defined contribution scheme (note 27)	2,497	2,072
	<u>27,230</u>	<u>22,329</u>

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

	2024 No.	2023 No.
Management and administration	30	27
Production	488	434
	<u>518</u>	<u>461</u>

**9. Directors' remuneration**

	2024 £000	2023 £000
Directors' emoluments	342	252

The highest paid director received remuneration of £342,000 (2023: £252,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2023: £Nil).

Key management personnel include all (2023: all) directors and several (2023: several) members of senior management. The total compensation paid to key management personnel was £1,566,000 (2023: £1,440,000).

The number of directors for which pension contributions were paid in the year was Nil (2023: Nil).

**10. Interest receivable**

	2024 £000	2023 £000
Other interest receivable	8	2

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**RLC (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**


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**11. Interest payable and similar charges**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group undertakings	1,629	993
Finance leases and hire purchase contracts	256	327
Other interest payable	1,219	780
	<u>3,104</u>	<u>2,100</u>

**12. Taxation**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	597	736
Adjustments in respect of prior periods	681	147
<b>Total deferred tax</b>	<u>1,278</u>	<u>883</u>
<b>Tax on (loss)/profit</b>	<u>1,278</u>	<u>883</u>

## RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

## 12. Taxation (continued)

## Factors affecting tax charge for the year

The tax assessed for the year is higher than (2023: *higher than*) the standard rate of corporation tax in the UK of 25% (2023: 20.5%). The differences are explained below:

	2024 £000	2023 £000
(Loss)/profit on ordinary activities before tax	(2,317)	400
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 20.5%)	(579)	82
<b>Effects of:</b>		
Fixed asset differences	178	(144)
Expenses not deductible for tax purposes	409	-
R&D expenditure credits	(751)	(93)
Adjustment to brought forward values	364	-
Group relief	766	594
Other tax adjustments, reliefs and transfers	-	165
Adjustments to tax charge in respect of previous periods - deferred tax	681	147
Adjustments to tax charge in respect of previous periods	210	-
Remeasurement of deferred tax for changes in tax rates	-	132
<b>Total tax charge for the year</b>	<b>1,278</b>	<b>883</b>

## Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

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**RLC (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**


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**13. Intangible assets**

	<b>Development costs £000</b>
<b>Cost</b>	
At 1 July 2023	15,669
At 30 June 2024	<u>15,669</u>
<b>Amortisation</b>	
At 1 July 2023	6,634
Charge for the year on owned assets	4,732
At 30 June 2024	<u>11,366</u>
<b>Net book value</b>	
At 30 June 2024	<u>4,303</u>
At 30 June 2023	<u>9,035</u>

Amortisation of intangible assets is recognised within operating expenses and in line with customer Long Term Agreements ("LTA").

## RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

## 14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Tooling £000	Total £000
<b>Cost</b>						
At 1 July 2023	8,692	72,078	27	2,544	7,741	91,082
Additions	-	2,308	-	162	708	3,178
Disposals	-	(328)	-	(196)	(27)	(551)
At 30 June 2024	<u>8,692</u>	<u>74,058</u>	<u>27</u>	<u>2,510</u>	<u>8,422</u>	<u>93,709</u>
<b>Depreciation</b>						
At 1 July 2023	1,119	38,650	27	2,331	5,967	48,094
Charge for the year on owned assets	168	4,833	-	85	719	5,805
Disposals	-	(272)	-	(196)	(27)	(495)
Transfers between classes	-	(2)	-	-	2	-
At 30 June 2024	<u>1,287</u>	<u>43,209</u>	<u>27</u>	<u>2,220</u>	<u>6,661</u>	<u>53,404</u>
<b>Net book value</b>						
At 30 June 2024	<u>7,405</u>	<u>30,849</u>	<u>-</u>	<u>290</u>	<u>1,761</u>	<u>40,305</u>
At 30 June 2023	<u>7,573</u>	<u>33,428</u>	<u>-</u>	<u>213</u>	<u>1,774</u>	<u>42,988</u>

Depreciation of tangible assets is recognised within cost of sales and operating expenses.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2024 £000	2023 £000
Leased assets	<u>9,639</u>	<u>12,863</u>

## RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**15. Stocks**

	2024 £000	2023 £000
Raw materials and consumables	3,547	2,959
Work in progress	14,649	10,363
Finished goods and goods for resale	572	443
	<u>18,768</u>	<u>13,765</u>

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £4,638,000 (2023: £4,267,000).

**16. Debtors**

	2024 £000	2023 £000
<b>Due after more than one year</b>		
Forward contract asset	-	9
	<u>-</u>	<u>9</u>
<b>Due within one year</b>		
Trade debtors	5,650	4,827
Amounts owed by group undertakings	41	2
Other debtors	-	203
Prepayments and accrued income	2,712	1,406
Forward contract asset	4	692
Corporation tax	-	451
	<u>8,407</u>	<u>7,581</u>

Trade debtors are stated after provisions for impairment of £1,000 (2023: £Nil).

Amounts owed by group undertakings are unsecured, interest free and repayable on normal business terms.

## RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**17. Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>2,081</b>	<b>2,241</b>

**18. Creditors: Amounts falling due within one year**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Deferred grants	<b>200</b>	<b>200</b>
Trade creditors	<b>18,257</b>	<b>16,376</b>
Amounts owed to group undertakings	<b>10,872</b>	<b>611</b>
Other taxation and social security	<b>337</b>	<b>284</b>
Obligations under finance lease and hire purchase contracts	<b>1,308</b>	<b>2,009</b>
Other creditors	<b>250</b>	<b>214</b>
Accruals and deferred income	<b>5,363</b>	<b>3,430</b>
	<b>36,587</b>	<b>23,124</b>

Included within the amounts owed to group undertakings are several loans from the ultimate parent company which are secured by way of debenture and incur interest charges from 1% to 6% above base rate.

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Deferred grants	<b>1,435</b>	<b>1,635</b>
Net obligations under finance leases and hire purchase contracts	<b>1,302</b>	<b>2,610</b>
Forward contract liability	<b>80</b>	<b>-</b>
Amounts owed to group undertakings	<b>8,429</b>	<b>16,347</b>
Accruals and deferred income	<b>2,237</b>	<b>2,535</b>
	<b>13,483</b>	<b>23,127</b>

Included within the amounts owed to group undertakings are several loans from the ultimate parent company which are secured by way of debenture and incur interest charges from 2.75% to 6% above base rate. The loan repayments are £10,237,000 in 2024/25, £4,214,000 in 2025/26 and the balance of £4,215,000 paid in 2026/27.

**RLC (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**20. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Within one year	1,308	2,009
Between 1-5 years	1,302	2,610
	<b>2,610</b>	<b>4,619</b>

The net obligation under finance leases and hire purchase contracts are secured on the assets to which they related.

**21. Financial instruments**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	4	701
	<b>4</b>	<b>701</b>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	(80)	-
	<b>(80)</b>	<b>-</b>

Financial assets and liabilities measured at fair value through profit and loss comprise assets/(liabilities) on forward currency contracts.

**22. Deferred taxation**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	(3,847)	(2,964)
Charged to profit or loss	(1,278)	(883)
	<b>(5,125)</b>	<b>(3,847)</b>

RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

22. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2024 £000	2023 £000
Fixed asset differences	(5,567)	(6,184)
Losses	379	2,283
Short term timing differences	62	54
	<u>(5,126)</u>	<u>(3,847)</u>

23. Provisions

	Other provisions £000
At 1 July 2023	3,257
Utilised in the year	(1,640)
Released in the year	(1,617)
<b>At 30 June 2024</b>	<u>-</u>

Other provisions relate to an estimated settlement amount due to a supplier which was then settled during the year.

24. Share capital

	2024 £000	2023 £000
<b>Allotted, called up and fully paid</b>		
1,500,000 (2023: 1,500,000) Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>

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

**RLC (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**25. Reserves**

**Capital redemption reserve**

Contains the nominal value of own shares that have been acquired by the Company and cancelled.

**Capital contribution reserve**

The difference between the loans from the parent company and the fair value of the loans.

**Profit and loss account**

Represents cumulative profits and losses net of dividends paid and other adjustments.

**26. Analysis of net debt**

	At 1 July 2023	Cash flows	New Inter- company Loans	Interco Loan Payment	Interco Loan Ageing reclassifi- cation	New Finance Leases	Finance Lease Payments	Other Non- Cash Changes	At 30 June 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,241	288	2,116	(555)	-	-	(2,009)	-	2,081
Inter-company loans due < 1 year	(555)	-	(2,116)	555	(8,121)	-	-	-	(10,237)
Inter-company loans due > 1 year	(16,347)	-	-	-	7,917	-	-	-	(8,430)
Finance Leases due < 1 year	(2,009)	-	-	-	-	-	2,009	(1,308)	(1,308)
Finance Leases due > 1 year	(2,610)	-	-	-	-	-	-	1,308	(1,302)
	<u>(19,280)</u>	<u>288</u>	<u>-</u>	<u>-</u>	<u>(204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,196)</u>

**RLC (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**27. Pension commitments**

The Company participates in a defined contribution pension scheme for the benefit of the employees.

The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £2,497,000 (2023: £2,072,000).

Contributions totalling £251,000 (2023: £212,000) were outstanding and payable to the funds at the Balance Sheet date and are included within other creditors.

**28. Operating lease commitments**

At 30 June 2024 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	<b>864</b>	<b>837</b>
Later than one year and not later than five years	<b>2,571</b>	<b>2,861</b>
Later than five years	<b>3,008</b>	<b>3,483</b>
	<b>6,443</b>	<b>7,181</b>

**29. Capital commitments**

Capital expenditure contracted but not provided for in the financial statements was £5,078,000 (2023: £1,396,000).

**30. Related party transactions**

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**31. Post balance sheet events**

There have been no post balance sheet events.

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**RLC (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

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**32. Immediate and ultimate parent undertaking**

The immediate parent undertaking is RLC Aerospace Limited, a company registered in the Isle of Man. The ultimate parent undertaking is RLC Engineering Group Limited, a company registered in the Isle of Man with a registered address of Peregrine House, Peel Road, Douglas, Isle of Man, IM1 5EH. The largest and smallest group for which consolidated accounts are prepared is RLC Engineering Group Limited which is ultimately owned and controlled by the Trustees of the Jean Burrell Will Trust.