
RLC (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



RLC (UK) LIMITED

COMPANY INFORMATION

Directors	G W Davies S C Holt S D McCaslin
Company secretary	S D McCaslin
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

RLC (UK) LIMITED

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RLC (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

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 (LTAs) 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 have increased due to new products moving to full production during the year.

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 and material supply issues) have impacted on the Company's operations during 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.

On 1st February 2023, the Company acquired the trade and assets of the Altham branch of Accurate Cutting Services Limited for £550,000. This has been part of the Company's supply chain for many years and this acquisition further strengthens the Company's manufacturing capability.

In November 2022 the Company was affected by an IT Incident that created a significant impact to the business. Whilst the parent company utilised its cyber insurance cover to address the direct costs associated with the incident there was an inevitable business interruption which resulted in reduced overall revenue and this is reflected in the annual results. This impact was minimised due to the excellent leadership of the management teams and the support of our employees, customers and suppliers. The business has now recovered completely from this event. The Company is making additional investments to further enhance the IT security and resilience.

RLC (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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:

	2023	2022
	£000	£000
Turnover	95,302	79,614
Underlying Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	9,499	7,943
Reported Profit/(Loss) Before Taxation (PBT)	400	(4,211)
Net current assets/(liabilities)	472	(12,376)

The return to profitability was despite a £2.7m increase in Heat, Light and Power costs in the year due to global energy crisis in the wake of Russia's invasion of Ukraine.

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.

As part of their induction, Directors are briefed on their duties 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 employees of the Company.

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.

Civil aerospace customer orderbook

Although market confidence continues to increase, the civil aerospace market recovery is still vulnerable to macroeconomic conditions, which remain uncertain. 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, whilst cross training our people to work on our military business.

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 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.

RLC (UK) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Governance (continued)

The Company sets these high standards through 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 the ongoing challenges of increasing costs and some uncertainty remaining due to external risks beyond our control primarily in current international conflicts. 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 stable.

This report was approved by the board on 25/3/2024 and signed on its behalf.

Gareth Davies

G W Davies
Director

RLC (UK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

The Directors present their report and the financial statements for the year ended 30 June 2023 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 £483,000 (2022: loss £3,495,000).

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

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

Directors

The Directors who served during the year and subsequently were:

S C Holt
S C McCaslin
D Barber (resigned 30 June 2023)
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'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

RLC (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Directors' responsibilities statement (continued)

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.

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.

Streamlined Energy and Carbon Reporting (SECR)

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

Examples of actions taken by the Company to reduce energy consumption and resulting emissions include increasing the use of energy efficient lighting, installation of advanced energy monitoring systems and addressing leakage in the pressurised air systems. The advanced energy monitoring systems will allow management to identify where and how energy is consumed in the business with a view to reduce this consumption. It also allows management to identify energy saving opportunities through reducing idle time of equipment.

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 below data includes UK consumption of electricity, gas and transport fuels where the Company is directly responsible for such fuel usage.

The intensity ratio is calculated by dividing tonnes of CO₂e 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.

RLC (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Streamlined Energy and Carbon Reporting (SECR) (continued)
Emissions and energy use data

	2022/23	2021/22
Total energy consumption used to calculate emissions (kWh)	19,510,370	19,664,093
Total carbon emissions (tonnes of CO ₂ e)	4,036	4,068
Production hours ('000 hours)	506	455
Intensity ratio (kWh/machining hours)	7.97	8.94

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.

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, ranging from the provision of materials for design, development and production to suppliers of IT, software and facilities. Our Ethics and Business Conduct policy helps us build on 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 shareholders continue to support the Company which provides information on Company performance 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.

RLC (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Engagement with suppliers, customers and others (continued)**Employees**

We continually invest in employee training, development and wellbeing. 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.

Going concern

The Directors acknowledge that the Company had net current assets of £0.5m as at 30 June 2023 (*2022: liabilities of £12.4m*). This net current asset position has arisen primarily due to the utilisation of cash generated in the business to support substantial capital investment for new programmes. The net asset position remained robust at £22.3m (*2022: £22.7m*). There is no external funding and the only loans in place are from the group parent.

The forecast for up to June 2025 shows improving operating cash flows, underpinned by the continuing increase in civil demand and stable military demand. However cash flows are expected to be impacted by high levels of cost inflation. 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 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 including asset leasing, long term secured finance and borrowing from group holding company.

After reviewing the Company's forecasts and projections to June 2025 and preparing and assessing the likelihood of a range of potential downside scenarios, 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.

RLC (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

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 25/3/2024 and signed on its behalf.

Gareth Davies

G W Davies
Director



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

Opinion

We have audited the financial statements of RLC (UK) Limited (the 'Company') for the year ended 30 June 2023, 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 2023 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 increased cost of living, interest rates and foreign exchange rate fluctuations, 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.



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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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



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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RLC (UK) LIMITED (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 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 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 recorded in certain periods 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;
- 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



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

- 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 regulator, the adequacy of procedures for authorization 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. 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
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 25/3/2024

RLC (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 £000	2022 £000
Turnover	4	95,302	79,614
Cost of sales		(84,526)	(75,642)
Gross profit		10,776	3,972
Operating expenses		(8,954)	(7,963)
Other operating income	5	676	652
Operating profit/(loss)	6	2,498	(3,339)
Interest receivable and similar income	10	2	-
Interest payable and similar charges	11	(2,100)	(872)
Profit/(loss) before tax		400	(4,211)
Tax credit/(charge) on profit/(loss)	12	(883)	716
Loss for the financial year		(483)	(3,495)

There was no other comprehensive income for 2023 (2022: £Nil).

The notes on pages 20 to 43 form part of these financial statements.

All amounts relate to continuing operations.

RLC (UK) LIMITED
REGISTERED NUMBER:01195730

BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023 £000	As restated 2022 £000
Fixed assets			
Intangible assets	13	9,035	9,832
Tangible assets	14	42,988	47,224
		<u>52,023</u>	<u>57,056</u>
Current assets			
Stocks	15	13,765	9,216
Debtors: amounts falling due after more than one year	16	9	-
Debtors: amounts due within one year	16	7,581	5,590
Cash at bank and in hand	17	2,241	1,260
		<u>23,596</u>	<u>16,066</u>
Creditors: amounts due within one year	18	(23,124)	(28,442)
Net current assets/(liabilities)		<u>472</u>	<u>(12,376)</u>
Total assets less current liabilities		<u>52,495</u>	<u>44,680</u>
Creditors: amounts due after more than one year	19	(23,127)	(15,712)
Provisions for liabilities			
Deferred tax	22	(3,847)	(2,964)
Other provisions	23	(3,257)	(3,257)
		<u>(7,104)</u>	<u>(6,221)</u>
Net assets		<u><u>22,264</u></u>	<u><u>22,747</u></u>

RLC (UK) LIMITED
REGISTERED NUMBER:01195730

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2023

	Note	2023 £000	As restated 2022 £000
Capital and reserves			
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	16,423	16,906
Total shareholders' fund		<u><u>22,264</u></u>	<u><u>22,747</u></u>

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: 25/3/2024

The notes on pages 20 to 43 form part of these financial statements.

RLC (UK) LIMITED

**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
Comprehensive income for the year					
Loss for the year	-	-	-	(483)	(483)
Total comprehensive income for the year	-	-	-	(483)	(483)
At 30 June 2023	1,500	4,000	341	16,423	22,264

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Capital redemption reserve	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2021	1,500	4,000	341	20,401	26,242
Comprehensive income for the year					
Loss for the year	-	-	-	(3,495)	(3,495)
Total comprehensive income for the year	-	-	-	(3,495)	(3,495)
At 30 June 2022	1,500	4,000	341	16,906	22,747

The notes on pages 20 to 43 form part of these financial statements.

RLC (UK) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	£000	£000
Cash flows from operating activities		
Profit/(loss) for the financial year	(483)	(3,495)
Adjustments for:		
Amortisation of intangible assets	1,346	989
Depreciation of tangible assets	5,654	5,434
Loss on disposal of tangible assets	-	423
Amortisation of government grants	(200)	(200)
Interest received	(2)	-
Interest paid	2,100	872
Taxation charge	883	(716)
(Increase) in stocks	(4,549)	(2,748)
(Increase)/decrease in debtors	(1,632)	1,729
Increase in creditors	1,813	2,681
Decrease/(increase) in amounts owed to groups undertakings	73	(17)
Receipt of government grants	(78)	(116)
Movement in derivative liability	(2,266)	1,819
Foreign exchange movements	(819)	534
Net cash generated from operating activities	1,840	7,189
Cash flows from investing activities		
Purchase of intangible fixed assets	(550)	(791)
Purchase of tangible fixed assets	(1,416)	(6,363)
Interest received	2	-
Net cash from investing activities	(1,964)	(7,154)

RLC (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

	2023	<i>2022</i>
	£000	<i>£000</i>
Cash flows from financing activities		
Repayment of intercompany loans	(241)	-
New loans from group companies	5,380	3,000
Interest paid	(2,100)	(872)
Receipt of government grants	78	116
Sale and leaseback proceeds	800	2,025
Repayment of sale and leaseback	(2,812)	(3,825)
Net cash used in financing activities	<u>1,105</u>	<u>444</u>
Net increase in cash and cash equivalents	<u>981</u>	<u>479</u>
Cash and cash equivalents at beginning of year	1,260	781
Cash and cash equivalents at the end of year	<u><u>2,241</u></u>	<u><u>1,260</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>2,241</u></u>	<u><u>1,260</u></u>

The notes on pages 20 to 43 form part of these financial statements.

RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 nature of the Company's operations and its principal activity are the supply of precision manufacturing to the aerospace industry. 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 presentation currency of these financial statements is Sterling. All amounts in these financial statements have been rounded to the nearest £1,000 unless otherwise stated.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors acknowledge that the Company had net current assets of £0.5m as at 30 June 2023 (2022: liabilities of £12.4m). This net current asset position has arisen primarily due to the utilisation of cash generated in the business to support substantial capital investment for new programmes. The net asset position remained robust at £22.3m (2022: £22.7m). There is no external funding and the only loans in place are from the group parent.

The forecast for up to June 2025 shows improving operating cash flows, underpinned by the continuing increase in civil demand and stable military demand. However cash flows are expected to be impacted by high levels of cost inflation. 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 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 including asset leasing, long term secured finance and borrowing from group holding company.

After reviewing the Company's forecasts and projections to June 2025 and preparing and assessing the likelihood of a range of potential downside scenarios, 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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)**2.13 Tangible fixed assets (continued)**

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.

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 Debtors

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

2.16 Cash 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.

RLC (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Accounting policies (continued)

2.17 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.

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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)**2.17 Financial instruments (continued)****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.

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 instruments**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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. Accounting policies (continued)

2.18 Creditors

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

2.19 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.

2.20 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.

2.21 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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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:

	2023	2022
	£000	£000
United Kingdom	23,186	22,138
Rest of Europe	7,863	4,303
Rest of the world	64,253	53,173
	95,302	79,614

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

5. Other operating income

	2023	2022
	£000	£000
Other operating income	-	34
Amortisation of government grants	200	200
Government grants received	25	136
Research and development expenditure credit	451	282
	676	652
	676	652

Other operating income includes amounts receivable under the Coronavirus Job Retention Scheme ("CJRS") to reimburse the Company for the wages of certain employees who were furloughed during the period but who remained on the Company's payroll. As this scheme involved a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme was designed to compensate for staff costs, so amounts received were recognised in the Statement of comprehensive income over the same period as the costs to which they relate.

6. Operating profit/(loss)

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

	2023	2022
	£000	£000
Government grants income including furlough income	(225)	(369)
Research and development expenditure credit	(451)	(282)
Expenditure subject to government grants	25	133
Depreciation of tangible fixed assets	5,654	5,434
Operating lease rentals	875	1,090
Foreign exchange differences	(165)	(76)
Amortisation of deferred development expenditure	1,346	989
Research expenditure	-	791
Inventory recognised as an expense	49,042	48,857
Profit on disposal of fixed assets	-	423
	49,042	48,857
	49,042	48,857

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

7. Auditor's remuneration

	2023	2022
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>176</u>	<u>33</u>
Fees payable to the Company's auditor and its associates in respect of:		
Accounting services	10	3
Taxation compliance services	26	14
R&D taxation claim advice	37	19
Tax advisory - capital allowance review	7	-
	<u>80</u>	<u>36</u>

8. Staff costs

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

	2023	2022
	£000	£000
Wages and salaries	18,761	14,694
Social security costs	1,496	1,685
Cost of defined contribution scheme (note 28)	2,072	1,791
	<u>22,329</u>	<u>18,170</u>

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

	2023	2022
	No.	No.
Management and administration	27	26
Production	434	373
	<u>461</u>	<u>399</u>

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

9. Directors' remuneration

	2023	<i>2022</i>
	£000	<i>£000</i>
Directors' emoluments	252	<i>12</i>
	<u><u>252</u></u>	<u><u>12</u></u>

The highest paid Director received remuneration of £252,000 (2022: £12,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2022: £Nil).

Key management personnel include all (2022: all) Directors and several (2022: several) members of senior management. The total compensation paid to key management personnel was £1,440,000 (2022: £795,000).

The number of Directors for which pension contributions were paid in the year was Nil (2022: Nil).

10. Interest receivable

	2023	<i>2022</i>
	£000	<i>£000</i>
Other interest receivable	2	<i>-</i>
	<u><u>2</u></u>	<u><u>-</u></u>

11. Interest payable and similar charges

	2023	<i>2022</i>
	£000	<i>£000</i>
Interest payable to group undertakings	993	<i>428</i>
Finance leases and hire purchase contracts	327	<i>202</i>
Other interest payable	780	<i>242</i>
	<u><u>2,100</u></u>	<u><u>872</u></u>

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

12. Taxation

	2023	<i>2022</i>
	£000	<i>£000</i>
Adjustments in respect of previous periods	-	<i>(119)</i>
Total current tax	<u>-</u>	<u><i>(119)</i></u>
Deferred tax		
Origination and reversal of timing differences	736	<i>(643)</i>
Adjustments in respect of prior periods	147	<i>46</i>
Total deferred tax charge/(credit)	<u>883</u>	<u><i>(597)</i></u>
Taxation charge/(credit) on profit/(loss) on ordinary activities	<u>883</u>	<u><i>(716)</i></u>

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 20.5% (2022: 19%). The differences are explained below:

	2023	2022
	£000	£000
Profit/(loss) on ordinary activities before tax	400	(3,776)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022: 19%)	82	(717)
Effects of:		
Expenses not deductible for tax purposes	-	82
Fixed asset differences	(144)	(293)
Adjustments in respect of prior years	-	46
R&D expenditure credits	(93)	(95)
Adjustments to charge in respect of prior periods	-	(119)
Changes in tax rates	-	(154)
Non-taxable income	-	(41)
Group relief surrendered	594	647
Deferred tax not recognised	-	(72)
Other tax adjustments, reliefs and transfers	165	-
Adjustments to tax charge in respect of previous periods - deferred tax	147	-
Remeasurement of deferred tax for changes in tax rates	132	-
Total tax charge for the year	883	(716)

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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

13. Intangible assets

	Development costs £000
Cost	
At 1 July 2022	15,120
Additions	549
At 30 June 2023	<u>15,669</u>
Amortisation	
At 1 July 2022	5,288
Charge for the year on owned assets	1,346
At 30 June 2023	<u>6,634</u>
Net book value	
At 30 June 2023	<u><u>9,035</u></u>
At 30 June 2022	<u><u>9,832</u></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 2023**

14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Tooling £000	Total £000
Cost						
At 1 July 2022	8,692	71,943	27	2,488	7,182	90,332
Additions	-	713	-	144	561	1,418
Disposals	-	(408)	-	(79)	-	(487)
Transfers between classes	-	(170)	-	(9)	(2)	(181)
At 30 June 2023	<u>8,692</u>	<u>72,078</u>	<u>27</u>	<u>2,544</u>	<u>7,741</u>	<u>91,082</u>
Depreciation						
At 1 July 2022	951	34,508	27	2,328	5,294	43,108
Charge for the year on owned assets	168	4,745	-	91	650	5,654
Disposals	-	(408)	-	(79)	-	(487)
Transfers between classes	-	(195)	-	(9)	23	(181)
At 30 June 2023	<u>1,119</u>	<u>38,650</u>	<u>27</u>	<u>2,331</u>	<u>5,967</u>	<u>48,094</u>
Net book value						
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>
At 30 June 2022	<u>7,741</u>	<u>37,435</u>	<u>-</u>	<u>160</u>	<u>1,888</u>	<u>47,224</u>

At 30 June 2023 the net book value of leased assets is £12,863,000 (2022: £17,243,000).

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

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

15. Stocks

	2023	<i>2022</i>
	£000	<i>£000</i>
Raw materials and consumables	2,959	<i>2,963</i>
Work in progress	10,363	<i>5,773</i>
Finished goods and goods for resale	443	<i>480</i>
	<u>13,765</u>	<u><i>9,216</i></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 £4,267,000 (2022: £3,300,000).

16. Debtors

	2023	<i>2022</i>
	£'000	<i>£'000</i>
Due after more than one year		
Forward contract asset	9	<i>-</i>
	<u>9</u>	<u><i>-</i></u>
	2023	<i>2022</i>
	£000	<i>£000</i>
Due within one year		
Trade debtors	4,827	<i>4,339</i>
Amounts owed by group undertakings	2	<i>18</i>
Other debtors	203	<i>-</i>
Prepayments and accrued income	1,406	<i>1,233</i>
Forward contract asset	692	<i>-</i>
Corporation tax	451	<i>-</i>
	<u>7,581</u>	<u><i>5,590</i></u>

Trade debtors are stated after provisions for impairment of £Nil (2022: £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 2023**

17. Cash and cash equivalents

	2023	<i>2022</i>
	£000	<i>£000</i>
Cash at bank and in hand	2,241	<i>1,260</i>

18. Creditors: Amounts falling due within one year

	2023	<i>2022</i>
	£000	<i>£000</i>
Deferred grants	200	<i>200</i>
Trade creditors	16,376	<i>14,045</i>
Forward contract liability	-	<i>1,379</i>
Amounts owed to group undertakings	611	<i>4,771</i>
Other taxation and social security	284	<i>473</i>
Obligations under finance lease and hire purchase contracts	2,009	<i>2,774</i>
Other creditors	214	<i>173</i>
Accruals and deferred income	3,430	<i>4,627</i>
	23,124	<i>28,442</i>

Included within amounts owed to group undertakings are several loans from the ultimate parent company. These are secured by way of debenture and incur an interest charge of 2.75% above base rate, 3% above base rate and 6% above base rate respectively.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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

	2023	<i>As restated</i>
	£000	<i>£000</i>
Deferred grants	1,635	1,836
Net obligations under finance leases and hire purchase contracts	2,610	3,856
Forward contract liability	-	195
Amounts owed to group undertakings	16,347	6,992
Accruals and deferred income	2,535	2,833
	<u>23,127</u>	<u>15,712</u>

Included within amounts owed to group undertakings are several loans from the ultimate parent company. These are secured by way of debenture and incur an interest charge of 2.75% above base rate, 3% above base rate and 6% above base rate respectively. The loan repayments are £555,000 in 2023/24, £11,347,000 in 2024/25 and the balance of £5,000,000 to be paid between 2025/26 - 2029/30. The prior year figure has been restated by £3,257,000 (a reduction) as an amount has been reclassified to provisions.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023	<i>2022</i>
	£000	<i>£000</i>
Within one year	2,009	2,774
Between 1-5 years	2,610	3,856
	<u>4,619</u>	<u>6,630</u>

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

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

21. Financial instruments

	2023	2022
	£000	£000
Financial assets		
Financial assets measured at fair value through profit or loss	<u>701</u>	<u>-</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	<u>-</u>	<u>(1,574)</u>

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

22. Deferred taxation

	2023	2022
	£000	£000
At beginning of year	(2,964)	(3,561)
Charged to profit or loss	(883)	597
At end of year	<u>(3,847)</u>	<u>(2,964)</u>

The provision for deferred taxation is made up as follows:

	2023	2022
	£000	£000
Fixed asset differences	(6,184)	(6,666)
Losses	2,283	3,659
Short term timing differences	54	43
	<u>(3,847)</u>	<u>(2,964)</u>

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

23. Provisions

	Other provisions £000
At 1 July 2022 (as restated)	3,257
At 30 June 2023	3,257

Other provisions relate to an amount due to suppliers and were settled within 12 months of the year end. This amount was previously reported within creditors so both creditors, and the opening balance of this provisions note, have been restated.

24. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
1,500,000 (2022: 1,500,000) Ordinary shares of £1 each	1,500	1,500

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

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.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

26. Analysis of net debt

	At 1 July 2022	Cash Flows	New Inter- company Loans	Interco Loan Payment	New Finance Leases	Finance Lease Payments	Other Non- Cash Changes	At 30 June 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,260	(2,147)	5,380	(241)	800	(2,812)	-	2,241
Inter-company loans due < 1 year	(4,771)	-	(380)	116	-	-	4,480	(555)
Inter-company loans due > 1 year	(6,992)	-	(5,000)	125	-	-	(4,480)	(16,347)
Finance Leases due < 1 year	(2,774)	-	-	-	(142)	2,812	(1,904)	(2,009)
Finance Leases due > 1 year	(3,856)	-	-	-	(658)	-	1,904	(2,610)
	<u>(17,133)</u>	<u>(2,147)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,279)</u>

27. Prior year adjustment

In the prior year, an amount of £3,257,000 was recorded within creditors when it met the criteria to be classified as a provision. This has therefore been corrected this year, with both those line items being restated. There is no impact on the income statement.

28. 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 £2,072,000 (2022: £1,791,000).

Contributions totaling £212,000 (2022: £172,000) were outstanding and payable to the funds at the Balance sheet date and are included within other creditors.

RLC (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

29. Operating lease commitments

At 30 June 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	<i>2022</i>
	£000	<i>£000</i>
Not later than one year	837	<i>767</i>
Later than one year and not later than five years	2,861	<i>2,928</i>
Later than five years	3,483	<i>3,487</i>
	7,181	<i>7,182</i>
	7,181	<i>7,182</i>

30. Capital commitments

Capital expenditure contracted but not provided for in the financial statements was £1,396,000 (2022: £11,750).

31. 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.

32. Post balance sheet events

In the year 2024/25 the Pratt & Whitney Material liability settlement was agreed and successfully concluded.

33. 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. 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 Trusts.

There are multiple Trusts which own the Group for information, all collectively referred to as the Jean Burrell Will Trusts.