

Magellan Aerospace (UK) Limited

Registered number 04909329

Magellan Aerospace (UK) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 31 December 2024



Magellan Aerospace (UK) Limited

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Magellan Aerospace (UK) Limited

COMPANY INFORMATION

Directors

PC Underwood

HR Martin

JS Addis

EM Milantoni

Registered number

04909329

Registered office

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Independent auditor

Anderson, Anderson & Brown Audit LLP

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Magellan Aerospace (UK) Limited
STRATEGIC REPORT
For the year ended 31 December 2024

The principal activity of Magellan Aerospace (UK) Limited (“the Company” or “Magellan”) is the manufacture of aerostructures and related components for the aerospace industry, predominantly for Airbus.

While recovery from the pandemic continues, commercial aerospace faces significant challenges related to economic factors, geopolitical risks, supply chain issues, and sustainability requirements in the coming year.

As set out in the Profit and loss account, turnover increased £11m from £138m in the prior year to £149m. Achieving this level of growth has been challenging due to inflation and supplier challenges, however internal operational improvements and the rehabilitation of contracts has contributed to the decrease in total loss to £4.6m (2023: £10.8m).

The Company continues to rehabilitate its contracts with customers, with most agreements in principle finalised in 2024 for the coming years. As build rates are anticipated to increase, the Directors anticipate improvements in the performance of the Company.

The principal performance indicators used are turnover and profit. The Company is a wholly-owned subsidiary of Magellan Aerospace Corporation, which is headquartered in Canada and is listed on the Toronto Stock Exchange. As such, the Directors believe that further key performance indicators for the Company are not appropriate for an understanding of the development, performance or position of the business. The performance of the Company and the group is discussed in the parent company’s audited consolidated financial statements which do not form part of this report. Information on the ultimate parent company is included in note 23.

Principal risks and uncertainties

Due to ever increasing demand for air travel the global expansion plans of airlines have led to significant orders for single-aisle, long-range, and wide-body aircraft. Airbus continues to aim for a production rate of 75 single-aisle aircraft per month in the coming years and is planning towards achieving that target. However, resource constraints and supply chain challenges are affecting Airbus’s plans for growth.

Rapid changes in technical advances could be a challenge in the future with the pace of change increasing year on year with new materials being developed on a regular basis, which may impact the Company’s competitive edge. We also see other risks from areas like cyber threats, market competition, environmental concerns and political and trade concerns which the Company continues to be mindful of.

Currency risk

The Company’s functional currency is GBP but a majority of revenue is denominated in USD. The currency risk is partly offset by purchasing a significant portion of materials cost in USD and through the company’s USD denominated loan.

Liquidity risks

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

Operating cash flows are heavily dependent on the timing of payments from the Company’s principal customer. These are not considered a major risk.

Commercial risks

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

Section 172 (1) statement

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

Stakeholder engagement

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

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

Employees

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

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

Customers

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

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

Suppliers

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

Investors

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

Risk management

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

Employee involvement

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

Equality

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

Business relationships

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

Community and environment

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

Culture and values

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

STREAMLINED ENERGY AND CARBON REPORT (SECR)

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

In comparison with our previous financial period, our overall energy consumption has decreased by 2.29 MWh (less than 1%) and our total (market based) greenhouse gas emissions have decreased by 24% or 801 tCO₂e. Our emissions intensity has decreased by 7% respectively. For this year all of our Electricity supplies have been 100% renewable for the entirety of the period unlike 2023. This has resulted in the 24% decrease in emissions. Another element to note is that the LPG usage has dropped massively, this is due to one of our sites now being heated by natural gas.

Sources of energy and emissions

	Energy consumption		GHG emissions	
	2024	2023	2024	2023
	MWh	MWh	tCO ₂ e	tCO ₂ e
Combustion of Natural Gas	12,861	12,872	2352	2,355
Combustion of Liquefied Petroleum Gas	10	164	2	35
Combustion of Fuel in Company Vehicles*	95	93	23	22
Diesel Generator	-	32	-	8
Heating Oil	25	64	6	16
Refrigerants/FGAS leaks	-	-	32	21
Scope 1 Total	12,991	13,225	2415	2,457
Generation of Purchased Electricity	15,734	15,888	3,258	858
Of Which from renewable sources	15,734	11,747	-3,258	
Scope 2 Total (Market Based)	15,734	15,888	-	858
Scope 2 Total (Location Based)	-	-	3258	3,312
Combustion of Fuel in Staff Vehicles	112	85	27	20
Combustion of Fuel in Hire Cars	21	-	5	-
Combustion of Fuel in Hire Vans	337	-	85	-
Scope 3 Total	470	85	117	20
Grand Total (Market Based)	29,195	29,198	2,532	3,335
Grand Total (Location Based)	29,195	31,514	5,790	5,769
Intensity per £m Turnover			38.80	41.73

Methodology

Conversion factors

All conversion factors and fuel properties used in this disclosure have been taken from the 2024 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Energy Security & Net Zero (DESNZ) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence. A full list of conversion factors can be viewed below.

Fuel	Conversion	Factor
Electricity: UK	kg CO ₂ e/kWh	0.20705
Natural gas (Standard UK grid)	kg CO ₂ e/kWh (Gross CV)	0.18290
Diesel	kg CO ₂ e/litre	2.51279
	kg CO ₂ e/kWh (Gross CV)	0.23902
Heating Oil	kg CO ₂ e/tonne	2.75541
	kg CO ₂ e/kWh (Gross CV)	0.25649
LPG	kg CO ₂ e/tonne	2,997.63
	kg CO ₂ e/kWh (Gross CV)	0.21411
Refrigent		
R407C	kg CO ₂ e/kg	1,624.00000
R134A	kg CO ₂ e/kg	1,300.00000
R410A	kg CO ₂ e/kg	1,924.00000
Vehicle Type	Conversion	Factor
Average Car: Unknown Fuel	kWh/mile (Net CV)	1.11314
	kg CO ₂ e/mile	0.26860
Average Van: Unknown Fuel	kWh/mile (Net CV)	1.59404
	kg CO ₂ e/mile	0.40127

Utilities

Energy consumption expressed in kilowatt-hours has been taken from suppliers' invoices for electricity and natural gas. 100% of our usage for both Electricity and gas was available. Location-based kgCO₂e/kWh conversion factors for the average UK grid supply have been used to calculate the associated greenhouse gas emissions. Our electricity, which accounts for 50% of our total energy and emissions, is purchased through 100% renewable contracts therefore our market-based scope 2 emissions are zero.

Transport

For company-owned and leased vehicles the quantity of fuel purchased is recorded in litres. The kgCO₂e/litre and kgCO₂e/kWh conversion factors for LPG, gas oil, and the average forecourt blends of diesel and petrol have been used to calculate the underlying energy usage and associated greenhouse gas emissions. Staff also drive personal vehicles and are reimbursed through mileage claims. The kWh/mile and kgCO₂e/mile conversion factors from the category "Cars (by size)" have been used to calculate greenhouse gas emissions and underlying energy use. Hire vehicles have also been included this year in our scope 3 section.

Magellan Aerospace (UK) Limited
STRATEGIC REPORT (continued)
For the year ended 31 December 2024

Other Fuels & Emissions:

Maintenance records did contain instances of refrigerant leaks during the reference period. R407C, R410A & R134A have been identified and topped up. Details of their Carbon dioxide relevance is listed in the conversion factors stated on page 9.

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



EM Milantoni
Director
14 May 2025

Magellan Aerospace (UK) Limited
DIRECTORS' REPORT
For the year ended 31 December 2024

The Directors present their report and audited financial statements for the year ended 31 December 2024.

Principal activities

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

Results and dividends

The results for the year are set out in the Profit and loss account on page 18 and discussed in the Strategic Report. The Directors do not recommend payment of a dividend (2023: nil).

Going concern

There is clear long-term demand for the Company's products: principal aerostructure OEMs' build rates stabilised in 2024, and industry analysts forecast substantial growth over many years.

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

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

Charitable and political donations

The Company made charitable donations in the year of £3,587 (2023: £2,526). It did not make any political donations.

Future developments

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

Directors

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

Statement of Directors' responsibilities

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

Magellan Aerospace (UK) Limited
DIRECTORS' REPORT (continued)
For the year ended 31 December 2024

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Anderson Anderson & Brown Audit LLP will therefore continue in office.

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



EM Milantoni
Director
14 May 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED
For the year ended 31 December 2024**

Opinion

We have audited the financial statements of Magellan Aerospace (UK) Limited for the year ended 31 December 2024, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED
For the year ended 31 December 2024 (continued)**

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 11 and 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED
For the year ended 31 December 2024 (continued)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

- Management override of controls to manipulate the Company's key performance indicators to meet targets;
- Revenue recognition

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing judgements made by management in its calculation of accounting estimates for potential management bias;
- Vouching revenue transactions to source documentation and performance obligations, assessing the revenue recognition.
- Reviewing a sample of December 2024 and January 2025 sales to confirm relevant income has been recorded accurately in the correct period;
- Enquiries of management about litigation and claims and inspection of relevant correspondence; and
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED
For the year ended 31 December 2024 (continued)**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude 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 Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AEROSPACE (UK) LIMITED
For the year ended 31 December 2024 (continued)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

16 May 2025

Magellan Aerospace (UK) Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2024

	Note	2024 £ 000	2023 £ 000
Turnover	4	149,262	138,200
Cost of sales		<u>(145,257)</u>	<u>(136,951)</u>
Gross profit		4,005	1,249
Distribution costs		(1,751)	(2,967)
Administrative expenses		(6,366)	(8,863)
Restructuring costs		-	-
Loss on sale of fixed assets		(17)	(701)
Gain on property revaluation		-	827
Other operating income (loss)	5	<u>600</u>	<u>(643)</u>
Operating loss	6	(3,529)	(11,098)
Finance expense	8	(1,110)	(484)
Loss before tax		<u>(4,639)</u>	<u>(11,582)</u>
Tax on loss	9	(7)	794
Loss for the year		<u>(4,646)</u>	<u>(10,788)</u>
Total comprehensive loss for the year		<u>(4,646)</u>	<u>(10,788)</u>

The results for the year arose from continuing operations.

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


The notes on pages 21 to 36 form part of these audited financial statements.

Magellan Aerospace (UK) Limited
BALANCE SHEET
For the year ended 31 December 2024

Registered number 04909329

	Note	2024 £ 000	2023 £ 000
Non-current assets			
Intangible assets - negative goodwill	10	(1,659)	(1,726)
Tangible assets	11	27,056	29,001
Investment property	12	4,000	4,000
Investments	13	4,541	4,541
Deferred tax asset	19	6,488	6,488
Debtors - amounts falling due after more than one year	17	263	496
		<u>40,689</u>	<u>42,800</u>
Current assets			
Stock	14	30,424	31,860
Debtors	15	56,127	51,627
Cash at bank and in hand		2,636	1,720
		<u>89,187</u>	<u>85,207</u>
Creditors: amounts falling due within one year	16	<u>(83,683)</u>	<u>(68,611)</u>
Net current assets		5,504	16,596
Total assets less current liabilities		46,193	59,396
Creditors: amounts falling due after more than one year	17	(33,399)	(41,956)
Net assets		<u>12,794</u>	<u>17,440</u>
Capital and reserves			
Called up share capital	20	16,100	16,100
Retained earnings		(3,306)	1,340
Shareholder's funds		<u>12,794</u>	<u>17,440</u>

The audited financial statements were approved by the board of Directors and authorised for issue on 9 May 2025. They were signed on its behalf by:



EM Milantoni
Director
14 May 2025

The notes on pages 21 to 36 form part of these audited financial statements.

Magellan Aerospace (UK) Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Share capital £ 000	Profit and loss reserves £ 000	Total shareholder's funds £ 000
At 1 January 2023	16,100	12,128	28,228
Total comprehensive loss for the year		(10,788)	(10,788)
At 1 January 2024	16,100	1,340	17,440
Total comprehensive loss for the year		(4,646)	(4,646)
At 31 December 2024	<u>16,100</u>	<u>(3,306)</u>	<u>12,794</u>

The notes on pages 21 to 36 form part of these audited financial statements

Magellan Aerospace (UK) Limited
Notes to the financial statements
For the year ended 31 December 2024

1 General information

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

2 Accounting Policies

2.1 Basis of preparation

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

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

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

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

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

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

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

2.2 Going concern

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

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

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

2.3 Turnover

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

2.4 Long term contracts

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

2.5 Government grants

Government grants relating to revenue are recognised in other income over the same period as the costs that the grant is intended to support. Grants received in respect of capital equipment purchases are released to the Profit and loss account over the useful life of the asset. There are no new grants in 2024.

2.6 Research and development

Research and development expenditure is charged to Profit and loss account.

2.7 Finance costs

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

2.8 Intangible fixed assets

Goodwill

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

Acquired goodwill is being amortised over the estimated useful life of goodwill arising on the initial acquisition of these companies.

2.9 Tangible fixed assets

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

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

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

2.10 Investment property

Investment properties are carried at fair value determined annually with changes in valuation recognised in the Profit and loss account. The fair value of investment property is determined by an external, independent property valuer, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

2.11 Investments

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

2.12 Cash

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

2.13 Stocks

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

2.14 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

2.15 Taxation

Current tax

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

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

Deferred tax

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

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

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

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

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

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

2.16 Provisions for liabilities and charges

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

2.17 Leases

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

2.18 Pensions

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

3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, judgements, estimates and assumptions are made about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

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

Key sources of estimation uncertainty

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

Magellan Aerospace (UK) Limited
Notes to the financial statements
For the year ended 31 December 2024

4 Turnover

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

	2024	2023
	£ 000	£ 000
United Kingdom	134,876	118,669
Rest of Europe	9,000	16,494
Americas	717	604
Asia Pacific	4,669	2,433
	<u>149,262</u>	<u>138,200</u>

5 Other operating income (loss)

	2024	2023
	£ 000	£ 000
Goodwill impairment	-	(399)
Research & development tax credit	60	354
Rental income	208	-
Distribution from subsidiary dissolution	47	-
Foreign exchange gains (losses)	285	(598)
	<u>600</u>	<u>(643)</u>

6 Operating loss

Operating loss is stated after charging (crediting):

	2024	2023
	£ 000	£ 000
Auditors' remuneration		
- fees for audit of the financial statements	185	190
- fees for other services - tax	48	16
Amortisation of negative goodwill	(67)	(67)
Depreciation of property plant and equipment	2,436	3,374
Operating lease charges	438	346
	<u>438</u>	<u>346</u>

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Notes to the financial statements
For the year ended 31 December 2024

7 Employees and Directors

	2024	2023
	£ 000	£ 000
Wages and salaries	28,433	28,608
Social security costs	3,063	2,952
Pension costs	987	966
	32,483	32,526

The average number of people employed by the Company was

	2024	2023
Administration	70	61
Production	658	731
Sales and marketing	13	9
	741	801

Remuneration paid to Directors

	2024	2023
	£ 000	£ 000
Remuneration for qualifying service	558	414
Payments to defined contribution pension scheme	17	15
	575	429

Aggregate amounts receivable under long term incentive plan	20	16
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The highest paid director received remuneration of £332,393 (2023: £238,129). Two of the Directors were employed and remunerated by other group companies.

Contributions were made to a defined contribution pension scheme in respect of one Director (2023: one).

8 Interest and finance costs

	2024	2023
	£ 000	£ 000
Bank interest	1,110	484
	1,110	484

Magellan Aerospace (UK) Limited
Notes to the financial statements
For the year ended 31 December 2024

9 Taxation

	2024	2023
	£ 000	£ 000
Corporation tax		
Foreign tax	7	-
Adjustments in respect of previous periods	-	(327)
Total current tax	<u>7</u>	<u>(327)</u>
Deferred tax		
Origination and reversal of timing differences	266	(323)
Adjustments in respect of previous periods	(266)	-
Effect of changes in rates	-	(144)
	<u>0</u>	<u>(467)</u>
Total income tax credit	<u>7</u>	<u>(794)</u>

The actual tax charge differs from the standard UK corporation tax rate of 25% (2023: 23.5%). The difference comprises:

	2024	2023
	£ 000	£ 000
Loss before tax	<u>(4,639)</u>	<u>(11,582)</u>
Expected tax charge based standard rate of corporation tax in the UK of 25% (2023: 23.5%)	(1,160)	(2,722)
Effects of		
Fixed asset timing differences	47	82
Expenses not deductible	25	444
Income not taxable	-	(277)
Group relief	289	-
Other permanent differences	(1)	(3)
Foreign tax credits	7	14
Adjustments in respect of prior years	(265)	(327)
Deferred tax on losses not claimed	1,080	2,139
R&D expenditure credits	(15)	-
Tax rate changes	-	(144)
Total credit for the year	<u>7</u>	<u>(794)</u>

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

Magellan Aerospace (UK) Limited
Notes to the financial statements
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10 Intangible fixed assets

	Negative goodwill £ 000	Acquired goodwill £ 000
Cost		
At 1 January 2024	(10,263)	643
Additions	-	-
At 31 December 2024	(10,263)	643
Accumulated amortisation		
At 1 January 2024	(8,537)	643
Charge for year	(67)	-
At 31 December 2024	(8,604)	643
Net book value		
At 31 December 2023	(1,726)	-
At 31 December 2024	(1,659)	-

Magellan Aerospace (UK) Limited
Notes to the financial statements
For the year ended 31 December 2024

11 Tangible fixed assets

	Land and buildings	Plant and equipment	Computers	Motor vehicles	Total
Cost	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2024	13,222	62,632	1,889	117	77,860
Additions	57	408	43	-	508
Disposals	-	(966)	-	-	(966)
At 31 December 2024	13,279	62,074	1,932	117	77,402
Accumulated depreciation					
At 1 January 2024	2,688	44,373	1,681	117	48,859
Charge for year	246	2,159	31	-	2,436
Disposals	-	(949)	-	-	(949)
At 31 December 2024	2,934	45,583	1,712	117	50,346
Net book value					
At 31 December 2023	10,534	18,259	208	-	29,001
At 31 December 2024	10,345	16,491	220	-	27,056

Land and Buildings includes £2,742,000 (2023: £2,742,000) in respect of freehold land. This has not been depreciated.

Magellan Aerospace (UK) Limited
Notes to the financial statements
For the year ended 31 December 2024

12 Investment Property

	Investment property
Valuation	£ 000
At 1 January 2024	4,000
Revaluation	<u>-</u>
At 31 December 2024	<u>4,000</u>
Net book value	
At 31 December 2023	<u>4,000</u>
At 31 December 2024	<u>4,000</u>

The Investment property was valued by an independent valuer during the year and is stated at fair value. Its depreciated cost would be £3,081,000 if not revalued.

13 Investments

	2024	2023
	£ 000	£ 000
Investments in subsidiary companies	<u>4,541</u>	<u>4,541</u>

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

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

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

- Magellan Aerospace (Polska) Sp zoo, a manufacturer of aerospace components incorporated in Poland with registered office at Wojska Polskiego 3, 39-300 Mielec, Poland.

During 2024, Magellan Aerospace (Blackpool) Limited was liquidated.

14 Stock

	2024	2023
	£ 000	£ 000
Raw materials and consumables	1,593	3,616
Work in progress	24,483	23,684
Finished goods	<u>4,348</u>	<u>4,560</u>
	<u>30,424</u>	<u>31,860</u>

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

Magellan Aerospace (UK) Limited
Notes to the financial statements
For the year ended 31 December 2024

15 Debtors

	2024	2023
	£ 000	£ 000
Trade debtors	46,296	43,725
Prepayments and accrued income	2,809	2,039
Corporation tax	18	734
Amounts owed by group undertakings	7,004	5,129
	<hr/> 56,127	<hr/> 51,627
<i>Amounts falling due after more than one year</i>		
Other debtors	263	496
	<hr/> 263	<hr/> 496

Amounts owed by group undertakings include \$1.4m (2023: \$1.3m) earning interest at LIBOR + 2.25%. The remainder earns no interest. All amounts owed by group undertakings are repayable on demand.

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

16 Creditors – amounts falling due within one year

	2024	2023
	£ 000	£ 000
Trade creditors	11,359	12,838
Bank loan	11,014	13,511
Other tax and social security	3,082	3,461
Other creditors	388	203
Accruals and deferred income	10,451	14,356
Amounts owed to group undertakings	47,389	24,242
	<hr/> 83,683	<hr/> 68,611

Amounts owed to group undertakings are unsecured and carry no interest. All amounts owed to group undertakings are repayable on demand. The bank loan is due within 1 year and carries an interest rate of circa 6%. It is denominated in US Dollars.

Magellan Aerospace (UK) Limited
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17 Creditors – amounts falling due after more than one year

	2024	2023
	£ 000	£ 000
Amounts owed to group undertakings	29,194	41,543
Deferred grant income	374	413
Payments received in advance	3,831	-
	33,399	41,956

18 Financial Instruments

The carrying value of the Company's financial assets and liabilities are set out below.

	2024	2023
	£ 000	£ 000
Financial asset (bank and cash)	2,636	1,720
Financial assets (debtors at amortised cost)	56,389	52,123
	59,024	53,843
Financial liabilities (loans)	11,014	13,511
Financial liabilities (creditors and accruals)	106,067	97,055
	117,081	110,566

Maturity of debt

	2024	2023
	£ 000	£ 000
Bank loans		
Due within one year	11,014	13,511

Magellan Aerospace (UK) Limited
Notes to the financial statements
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19 Deferred tax

	£ 000
At 1 January 2024	6,488
Adjustments in respect of prior years	-
Deferred tax credited for the year	-
At 31 December 2024	6,488

The deferred tax balance comprises:

	2024	2023
	£ 000	£ 000
Short term timing differences	-	25
Accelerated capital allowances	11	158
Capital gains	(206)	(206)
Tax losses	6,683	6,511
	6,488	6,488

The Company has unrecognised deferred tax assets of £7.3m (2023: £6.2m).

20 Share capital

	2024	2023
	£ 000	£ 000
16,100,001 Ordinary shares of £1 each		
Allotted and fully paid	16,100	16,100

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

21 Lease commitments

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

	2024	2023
	£ 000	£ 000
Payments due		
Within one year	438	346
	438	346

Magellan Aerospace (UK) Limited
Notes to the financial statements
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22 Capital Commitments

The Company had commitments in respect of capital expenditure and raw materials at 31 December 2024 of £16.3m (2023: £14.0m).

23 Controlling party

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

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