Registered number: 03292360

METTIS AEROSPACE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

COMPANY INFORMATION

Directors	G L Fraser P I Taylor P Thornton J W Cieslik (resigned 11 April 2022) A M Glazzard J S Connell (appointed 14 March 2023)
Company secretary	A M Glazzard
Registered number	03292360
Registered office	Windsor Road Redditch Worcestershire B97 6EF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors East Midlands

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STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2023

Introduction

Mettis Aerospace Limited, headquartered in Redditch, Worcestershire, UK is a leading supplier of high performance components to the aerospace, defence and certain other specialist markets.

The company utilises its breadth of technical know-how to develop collaboratively, with its customers, complex forged and machined components for the major aero-engine and airframe suppliers.

Forging and machining expertise is supported by a full range of processes including surface treatment baths and heat treatment ovens. The company also has an in-house metallurgical laboratory and produces its own tools and dies.

The company supplies airframe and aero-engine components on all major civil programmes including the A320, A330, A350, B737, B777, B787, B747, RR Trent, GEnx, GE90, GP7200 and a number of military programmes as well as product for a range of legacy aftermarket applications.

SSCP Titan Midco Limited, an intermediate parent company incorporated in the United Kingdom, heads the smallest group to consolidate these financial statements and SSCP Titan Topco Limited, also an intermediate parent company incorporated in the United Kingdom, heads the largest group to consolidate these financial statements. The SSCP Titan Topco Limited group is hereafter referred to as the group.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of Mettis Aerospace Limited consider, both individually and together, that they have acted in the way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Act) in the decisions taken during the period ended 31 March 2023. In particular, the board routinely meets the members and their representatives, and individual board members routinely and frequently meet employees and their representatives, suppliers, customers and other stakeholders to receive and consider their views and report back to the board. Further details on employees and health, safety and environmental matters can be found in the Directors' Report.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

Business review

Turnover increased from £52.4m in the 12 months to 31 December 2021 to £89.1m during the 15 month period to 31 March 2023 reflecting the continuation of the recovery within the aerospace industry following the COVID-19 pandemic which had resulted in significant reductions in the number of civil aircraft produced from March 2020 and through to early 2022, and which continues to have an impact on the wider aerospace supply chain.

Profits increased in the period to 2023, with underlying EBITDA increasing by £2.1m to £9.0m, this has been driven by increased volumes as build rates recover. However the performance continues to be impacted by the heavy investment in recruitment, training and scaling of operations to meet future increased customer demand requirements.

The loss for the financial period was £1,701,000 (2021: loss of £188,000). At the period end the company had net assets of £29,998,000 (2021: £32,333,000).

During the period the company's business development activities have focused on winning work on both military and civil aviation programmes including the Boeing 777X, Boeing 787, and the next generation of single aisle aircraft, being the Airbus A320neo and Boeing 737MAX.

On the 14th December 2022 the company was subjected to a criminal ransomware attack. The company engaged with cyber specialists and worked proactively with all relevant stakeholders and authorities. Whilst all IT infrastructure and information up to the point of the attack was recovered in a timely manner, the production process was adversely impacted with an extended down period and significant operational inefficiencies during and following the attack.

As a result of the cyber attack arising immediately prior to the Company's year end the Directors took the decision to extend the accounting period to 15 months to 31 March 2023.

Principal risks and uncertainties

The principal risks to the company include:

- The Group operates in a highly competitive global market and faces competition from a number of worldwide component manufacturers. The group seeks to protect its position through a diverse product and customer portfolio, long term relationships with customers and continuous on-going improvements to cost, quality and delivery; and

- Energy is a significant cost and changes to euro and dollar exchange rates pose risks to the profitability of the business. The directors keep the hedging of currencies and energy costs under review so as to minimise the associated risks.

- Availability of skilled labour poses a risk to the profitability of the business. The directors are continually monitoring labour skillsets and invest in the development of apprentices to ensure skills are retained within the business.

- Availability of production resources poses a risk to the profitability of the business. The directors are continually monitoring material, production consumables and equipment demand requirements, which are overlaid against future demand forecasts to ensure continuity of supply. Where appropriate mitigating action is taken to avert any potential resoure concerns.

- The Group is exposed to the risk of cyber incidents and attacks which can impact the ability of the group to operate, and consequently its profitability. The directors work closely with cyber specialists to mitigate as much as practicably possible through continual offsite monitoring, incident response procedures and system redundancy processes as well as regular training and updates for staff.

Financial risk management

The company's operations expose it to a number of financial risks. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department as required and are reviewed monthly by the Board.

Price risk
The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of actively managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The company uses third party online credit evaluations as well as Companies House information, including latest financial statement submissions. Where debt finance is required, this will be subject to pre-approval by the board of directors and such approval will be limited to financial institutions with a strong credit rating.

Liquidity risk
The company actively manages its working capital requirements and monitors its financial covenants to ensure it has sufficient funds for its operations. The requirement for medium to long term debt finance is reviewed by the board of directors based on the company's forecast requirements.

Interest rate cash flow risk
The company has interest bearing liabilities. The company has a policy of maintaining short term deposits and cash balances at a level sufficient to fund its operations. The directors will revisit the appropriateness of this

policy should the company's operations or cash balances change in size or nature.

Financial key performance indicators

The Board has monitored the following indicators of performance to assess its progress against its strategy and financial objectives during the period ended 31 March 2023.

	31 March 2023 £000	*31 December 2021 £000*
Turnover	**89,134**	*52,350*
Underlying operating profit	**1,861**	*2,024*
Underlying EBITDA	**9,019**	*6,871*

The Board has chosen to monitor underlying EBITDA which they consider to be more representative of the performance of the company. Underlying EBITDA is defined as underlying operating profit adjusted for depreciation. Underlying operating profit is operating profit before certain items that are not considered by the directors to be part of the ongoing, underlying business, for example restructuring costs.

	31 March 2023 £000	*31 December 2021 £000*
Operating (loss) / profit	**(330)**	*1,224*
Non-Covid-19 restructuring and improvement costs	**759**	*411*
Abnormal product introduction and expediting costs	**-**	*108*
Cyber impact	**1,202**	*-*
Other Covid-19 costs	**230**	*281*
Underlying operating profit	**1,861**	*2,024*

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2023

	31 March 2023 £000	31 December 2021 £000
Underlying operating profit	**1,861**	*2,024*
Depreciation	**7,158**	*4,847*
Underlying EBITDA	**9,019**	*6,871*

Turnover increased during 2023 as a result of the continuation of the recovery from the COVID-19 pandemic, with the company continuing to scale its operations accordingly.

Underlying EBITDA increased to £9,019,000 in 2023. Items excluded from underlying EBITDA are as follows:

- Restructuring and improvement costs relate to improvements to the company's operations that are one-off in nature.
- Abnormal product introduction and expediting costs relate to specific customer orders accepted within the standard lead times required to bring a product into production. The resulting incremental manufacturing and expediting costs have been separately identified.
- Cyber impact costs represent the costs of specialist support during the cyber attack, as well as the non-productive costs associated with the period the Company was not able to operate effectively.
- Covid-19 costs represent the associated additional costs incurred recovering from the pandemic, including proportionally scaling the company's employee base.

Movement in the KPIs above are also discussed in the 'Business review' section of this report.

	31 March 2023	31 December 2021
Inventory days	**116**	*156*
Debtor days	**69**	*79*

Inventory days reduced during 2023, the increased civil aircraft build rates allowed elements of the excess inventory held during the Covid-19 pandemic to be unwound. As volumes continue to increase during 2023 and onwards into 2024 inventory days are expected to return to historical levels.

This report was approved by the board on 22 March 2024 and signed on its behalf.

G L Fraser

G L Fraser
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2023

The directors present their report and the financial statements for the period ended 31 March 2023.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £1,701,000 *(2021 - loss £188,000)*.

The directors do not recommend payment of a dividend (2021: £nil).

Directors

The directors who served during the period were:

G L Fraser
P I Taylor
P Thornton
J W Cieslik (resigned 11 April 2022)
A M Glazzard
J S Connell (appointed 14 March 2023)

Donations

The company made no political or charitable donations during the period (2021: £nil).

Financial risk management policies and objectives

All financial risks that are relevant are discussed in the Strategic report.

Health and safety of employees

The well-being of the Company's employees is safeguarded through strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 1989 imposes certain requirements on employers and the Company has taken the necessary action to ensure compliance with the Act, including the adoption of a Safety Statement.

Going concern

As the company is part of group banking facilities it is reliant upon the support and operations of the wider group in order to continue as a going concern. The group banking arrangement includes the main tranches of the facility, totalling £54 million, and the working capital facility, totalling £8.5m.

Following COVID-19 the group has experienced a significant increase in demand for its products through both market recovery and new business wins. The significant, and rapid, operational growth required to meet customer demand necessitated that the group would need further funding to invest in both working capital and capital projects.

To achieve this, the company, group and its lenders agreed to amend and restate the Senior Facilities Agreement ("SFA"). This amendment and restatement agreement ("ARA") was signed on 21 December 2023. The ARA included a three-month extension of the main facility term to May 2025 and a six-month extension to the working capital facility to February 2025, a £15.5 million (£12 million net of fees) injection of cash from the majority shareholder into the business, agreement to capitalise 12 months of senior facility interest (£5 million) up to March 2024 as opposed to being cash paid, and the disapplicaction of the gross leverage covenant test in place of a liquidity covenant test for the remainder of the facility.

The group is reliant upon the support of the majority shareholder, who remains committed to providing further support to the group, including for future working capital growth and any funding should it be required as part of any repayment of the working capital facility or the main tranches of the group banking facility.

The directors have considered the latest forecasts received from customers, variability of the group's cost base, further mitigation within their control such as deferral of capital expenditure or headcount reduction together with potential further capital injections and support from the majority shareholder. Based on these considerations the directors believe that the group has sufficient liquidity and SFA covenant headroom and expect that the company and group will continue in operational existence for at least the next sixteen months.

As such the directors are satisfied that the company is able to meet its liabilities as they fall due for the going concern period and that no material uncertainty exists, and as such have prepared financial statements on a going concern basis.

Future developments

The directors believe the group is well placed to continue to benefit as the aerospace sector continues to recovers from the Covid-19 downturn:

- The aerospace sector involves relatively long timescales for development, certification, the longevity of product design and production timescales all of which dampen the effects on the component supply chain;
- The group is the nominated and certified single source of supply for the majority of products within long-term agreements with customers in both defence and general aerospace sectors;
- Combined with the time and resources needed for a change of supplier this gives increased confidence in the group's ability to attract and retain customers in the short and long term and the group is well placed for when the sector recovers;
- Airlines are introducing new fuel efficient aircraft into their fleets with many bringing forward fleet replacement plans; and
- Air travel and associated OE build rates are predicted to continue to recover at differing rates across the globe, with domestic and short-haul air travel and aircraft recovering at a faster pace than long-haul international air travel and aircraft.

Other points to note:

- In March 2022, the Russian Federation engaged Ukraine in a military conflict. The international response has included wide ranging sanctions targeting the global operations of Russian businesses and individuals. The company is supplied material, through UK based entities, which originates within the Russian Federation. At present, the procurement of such material is not prohibited under such sanctions, nor is the company experiencing any shortages in the supply of this material. Additionally, the certification of Russian material for use in the aerospace sector remains unaffected. The company is continuing to monitor the situation and is working with customers and suppliers to implement mitigating actions if required.

Research and development activities

The company has a policy of continually developing its engineering and technical capabilities and maintains close relationships with key customers to ensure that changes and developments in customers' requirements are adequately anticipated. Associated development costs are immediately written off to the Statement of Comprehensive Income.

Engagement with employees

Training and development
The company remains focused on the development of people at all levels and will continue to support, train and develop its people to meet the needs of a growing business. The company continues to invest in modern apprenticeships and will seek to recruit additional apprentices during 2022. The apprenticeship programme is a core part of succession planning and skill development for the company.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company places considerable value on the involvement of its employees and keeps them informed on aspects of the business and its progress, which the company considers to be relevant. Communication is effected through management channels and in writing.

Equal opportunities
It is the company's policy and practice that selection for employment and promotion is based on the objective assessment of ability and experience, free from discrimination on any grounds.

Engagement with suppliers, customers and others

The directors have always, and will continue to, look to form longstanding relationships with its suppliers, customers and other key stakeholders. This is often done through operating as a partnership and close working arrangements to the benefit of both parties.

The directors routinely meet with suppliers, customers and other stakeholders to receive and consider their views and report back to the board.

Qualifying third party indemnity provisions

An intermediate parent company as at 31 March 2023, Mettis Group Limited, has arranged appropriate qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 for its own directors, and the directors of all fellow group companies. The indemnity covering the directors of this company was in place throughout the current financial year and is currently in force.

Greenhouse gas emissions, energy consumption and energy efficiency action

The company's greenhouse gas emissions and energy consumption for the year are 25,073 tCO_2e (2021: 18,658 tCO_2e) and 135,516,760 kWh (2021: 100,676,789 kWh).

Energy kWh consumption data is routinely collected in house for invoice reconciliation. This data is converted to tCO_2e using UK Government GHG Conversion Factors for Company Reporting (2020) version 1.0.

The company has determined the best metric of energy efficiency is the tCO_2e per £m of revenue, which for 2023 stood at 281.29 (2021: 356.41). The improvements in efficiency have been achieved through the mix of energy sourcing and site optimisation;

- In 2019 the group installed and commissioned two Combined Heat & Power (CHP) units, which provide the group with an alternative electrical supply. The group's ongoing action plan includes the introduction of a heat network, to utilise the exhaust heat of the CHP units within the group's manufacturing operations, further reducing the power consumption.

- The group is continually identifying more optimised working patterns to reduce its energy usage and impact upon the environment.

- The group is continually identifying equipment that could be replaced with more efficient and effective equipment, this commenced with moving to high efficiency LED lighting and is now progressing to furnaces and other high energy use assets.

Disclosure of information to auditors

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

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

Post balance sheet events

Following the year end the company, group and its lenders agreed to amend and restate the Senior Facilities Agreement ("SFA"). This amendment and restatement agreement ("ARA") was signed on 21 December 2023. The ARA included a three-month extension of the main facility term and a six-month extension to the working capital facility, a £15.5 million (£12 million net of fees) injection of cash from the majority shareholder into the business, agreement to capitalise 12 months of senior facility interest (£5 million) up to March 2024 as opposed to being cash paid, and the disapplicaction of the gross leverage covenant test in place of a liquidity covenant test for the remainder of the facility.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 MARCH 2024 and signed on its behalf.

G L Fraser
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METTIS AEROSPACE LIMITED

Report on the audit of the financial statements

Opinion
In our opinion, Mettis Aerospace Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the 15 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2023; the statement of comprehensive income and the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

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 period ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment, health and safety, environmental, data protection and aviation authority legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries that increase EBITDA and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- challenging assumptions and judgements made by management in making accounting estimates;

- enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- substantive testing of journal entries particularly focused on journals posted with unusual account combinations that increase EBITDA; and
- incorporating elements of unpredictability.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Suzanne Pritchard

Suzanne Pritchard (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

East Midlands
Date: 22 March 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023

	Note	2023 £000	*2021* *£000*
Turnover	4	**89,134**	*52,350*
Cost of sales		**(83,516)**	*(48,095)*
Gross profit		**5,618**	*4,255*
Distribution costs		**(1,731)**	*(825)*
Administrative expenses		**(4,258)**	*(3,201)*
Other operating income	5	**41**	*995*
Operating (loss)/profit	6	**(330)**	*1,224*
Interest receivable and similar income	10	**108**	*-*
Interest payable and similar expenses	11	**(2,389)**	*(1,393)*
Loss before tax		**(2,611)**	*(169)*
Tax on loss	12	**910**	*(19)*
Loss for the financial period		**(1,701)**	*(188)*
Other comprehensive (expense) / income for the period			
Remeasurement of net defined benefit obligation		**(855)**	*4,693*
Taxation		**221**	*(892)*
Other comprehensive (expense) / income for the period		**(634)**	*3,801*
Total comprehensive (expense) / income for the period		**(2,335)**	*3,613*

The notes on pages 18 to 43 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2023

	Note		31 March 2023 £000		*31 December 2021 £000*
Fixed assets					
Tangible assets	13		**24,154**		*23,829*
			24,154		*23,829*
Current assets					
Stocks	14	**23,188**		*21,439*	
Debtors: amounts falling due after more than one year	15	**18,035**		*23,048*	
Debtors: amounts falling due within one year	15	**21,902**		*17,665*	
Cash at bank and in hand		**4,508**		*2,429*	
		67,633		*64,581*	
Creditors: amounts falling due within one year	16	**(23,234)**		*(14,462)*	
Net current assets			**44,399**		*50,119*
Total assets less current liabilities			**68,553**		*73,948*
Creditors: amounts falling due after more than one year	17		**(36,054)**		*(39,318)*
Pension liability	25		**(2,501)**		*(2,297)*
Net assets			**29,998**		*32,333*
Capital and reserves					
Called up share capital	22		**100**		*100*
Profit and loss account	23		**29,898**		*32,233*
Total equity			**29,998**		*32,333*

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

22 MARCH 2024

A. Glazzard

A M Glazzard
Director

The notes on pages 18 to 43 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	100	28,693	28,793
Comprehensive (expense) / income for the year			
Loss for the year	-	(188)	(188)
Remeasurement of net defined benefit obligation net of tax	-	3,801	3,801
Total comprehensive (expense) / income for the year	-	3,613	3,613
Distribution	-	(105)	(105)
Capital contribution	-	32	32
At 1 January 2022	100	32,233	32,333
Comprehensive (expense) / income for the period			
Loss for the period	-	(1,701)	(1,701)
Remeasurement of net defined benefit obligation net of tax	-	(634)	(634)
Total comprehensive (expense) / income for the period	-	(2,335)	(2,335)
At 31 March 2023	100	29,898	29,998

The notes on pages 18 to 43 form part of these financial statements.

1. General information

Mettis Aerospace Limited is a private company limited by shares, incorporated in the United Kingdom, registered in England and Wales whose registered office and headquarters is Windsor Road, Redditch, Worcestershire, B97 6EF. The company's principal activity, which is based solely in the United Kingdom, is the supply of high performance components to the aerospace, defence and energy markets.

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 judgment in applying the Company's accounting policies (see note 3).

The financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

As the company is part of group banking facilities it is reliant upon the support and operations of the wider group in order to continue as a going concern. The group banking arrangement includes the main tranches of the facility, totalling £54 million, and the working capital facility, totalling £8.5m.

Following COVID-19 the group has experienced a significant increase in demand for its products through both market recovery and new business wins. The significant, and rapid, operational growth required to meet customer demand necessitated that the group would need further funding to invest in both working capital and capital projects.

To achieve this, the company, group and its lenders agreed to amend and restate the Senior Facilities Agreement ("SFA"). This amendment and restatement agreement ("ARA") was signed on 21 December 2023. The ARA included a three-month extension of the main facility term to May 2025 and a six-month extension to the working capital facility to February 2025, a £15.5 million (£12 million net of fees) injection of cash from the majority shareholder into the business, agreement to capitalise 12 months of senior facility interest (£5 million) up to March 2024 as opposed to being cash paid, and the disapplicaction of the gross leverage covenant test in place of a liquidity covenant test for the remainder of the facility.

2. Accounting policies (continued)

The group is reliant upon the support of the majority shareholder, who remains committed to providing further support to the group, including for future working capital growth and any funding should it be required as part of any repayment of the working capital facility or the main tranches of the group banking facility.

The directors have considered the latest forecasts received from customers, variability of the group's cost base, further mitigation within their control such as deferral of capital expenditure or headcount reduction together with potential further capital injections and support from the majority shareholder. Based on these considerations the directors believe that the group has sufficient liquidity and SFA covenant headroom and expect that the company and group will continue in operational existence for at least the next sixteen months.

As such the directors are satisfied that the company is able to meet its liabilities as they fall due for the going concern period and that no material uncertainty exists, and as such have prepared financial statements on a going concern basis.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of SSCP Titan Topco Limited as at 31 March 2023 and these financial statements may be obtained from Companies House.

The company has also taken the exemption under FRS 102 paragraph 33.1A from disclosing related party transactions with other companies that are wholly owned by an intermediate parent company as at 31 March 2023, SSCP Titan Topco Limited and from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

2. Accounting policies (continued)

2.3 Revenue

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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 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.

2.5 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Research and development

Research and development expenditure is immediately written off to the profit and loss account.

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted 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.

2.8 Interest income

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

2.9 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. Accounting policies (continued)

2.10 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.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the period 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.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 2 to 15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a standard cost basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets and liabilities are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.15 Currency

The company's functional and presentation currency is the pound sterling.

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

2.16 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

2.18 Retained earnings

Retained earnings represent accumulated comprehensive income for the period and prior periods plus share-based payments adjustments and related tax credits, capital contributions from the immediate, intermediate and ultimate parent companies, transfers from share capital on cancellation of shares less dividends and other distributions.

2. Accounting policies (continued)

2.19 Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existences will be confirmed by the occurrence or *non-occurrence of uncertain future events not wholly within the company's control.* Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefit is probable.

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

The company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to the useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. The effect of any change is accounted for prospectively. See note 13 for the carrying amount of the property plant and equipment and note 2 for the useful economic lives for each class of assets.

(ii) Inventory provisioning
The company is subject to changing customer demand and industry trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods, work in progress, and future usage of raw materials. See note 14 for the carrying amount of the inventory and associated provision.

(iii) Defined benefit pension scheme
The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 25 for the disclosures relating to the defined benefit scheme.

There are no critical judgements made in applying the group's accounting policies.

4. Turnover

Analysis of turnover by country of destination:

	2023 £000	*2021* *£000*
United Kingdom	**57,285**	*35,672*
Rest of Europe	**12,360**	*7,556*
Rest of the world	**19,489**	*9,122*
	89,134	*52,350*

The company's activities consist solely of the manufacture in the UK of forged and machined components for the aerospace, defence and certain other specialist markets.

5. Other operating income

	2023 £000	*2021* *£000*
Government grants receivable	**-**	*615*
Foreign exchange difference - gain	**41**	*380*
	41	*995*

Following the onset of the Covid-19 pandemic, the UK Government introduced the Coronavirus Job Retention Scheme (CJRS) allowing employers to place employees on furlough where an employee's workload had been impacted by the pandemic. The Government grants receivable relate solely to receipts from the CJRS.

6. Operating (loss)/profit

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

	2023 £000	*2021 £000*
Depreciation	**7,158**	*4,847*
Inventory recognised as an expense	**35,484**	*20,973*
Impairment of inventory (included in 'cost of sales')	**634**	*640*
Research and development	**1,653**	*1,346*
R&D tax credit income (related to current period)	**(250)**	*-*
R&D tax credit income (related to prior periods)	**(368)**	*(175)*
Restructuring and improvement costs	**759**	*411*
Abnormal product introduction and expediting costs	**-**	*108*
Foreign exchange (gains) / losses on trading items	**(41)**	*(380)*
Operating lease rentals payable to group undertakings for land and buildings	**1,000**	*800*
Operating lease rentals payable - hire of plant and machinery	**704**	*439*
Provisions against trade debtors	**32**	*(136)*
Administration of pension scheme	**175**	*137*
Other Covid-19 costs	**230**	*281*
Cyber impact	**1,202**	*-*

Restructuring and improvement costs include the costs of the scaling the organisation following the COVID-19 pandemic onset; improvements to how the company manages the risks of its interaction with the surrounding environment; and improvements to the company's operations that are one-off in nature.

Abnormal product introduction and expediting costs relate to a specific non-recurring customer order which was accepted within the standard lead times required to bring a product into production. The resulting incremental manufacturing and expediting costs have been separately identified.

Cyber impact costs represent the costs of specialist support during the cyber attack, as well as the non-productive costs associated with the period the Company was not able to operate effectively.

7. Auditors' remuneration

During the period, the Company obtained the following services from the Company's auditors and their associates:

	2023 £000	*2021 £000*
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	**73**	*42*
Fees payable to the Company's auditors and their associates in respect of:		
Taxation compliance services	**20**	*20*

8. Employees

	2023 £000	*2021* *£000*
Wages and salaries	**19,682**	*11,979*
Social security costs	**2,078**	*1,145*
Other pension costs	**1,720**	*1,096*
	23,480	*14,220*

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

	2023 No.	*2021* *No.*
Manufacturing	**314**	*247*
Finance, sales, and administration	**138**	*118*
	452	*365*

Employee costs are disclosed on a gross basis before any receipts associated with the UK Government Coronavirus Job Retention Scheme, which have been recognised as Government grants (see note 5).

9. Directors' remuneration

	2023 £000	*2021* *£000*
Directors' emoluments	**196**	*4*
Company contributions to defined contribution pension schemes	**18**	*1*
	214	*5*

1 director who served during the year received remuneration from the Company, with the remaining remuneration for the company's directors being paid by other group entities.

These costs are disclosed in the annual report and financial statements of the relevant group company for the period ended 31 March 2023 and no charge is made to the company for their services.

Retirement benefits are accruing to 1 (2021: 2) directors under defined contribution schemes.

10. Interest receivable and similar income

	2023 £000	*2021 £000*
Other interest receivable	**108**	-
	108	-

Other interest receivable includes £12,000 (2021: £nil) associated with gains on derivative financial instruments and £96,000 (2021: £nil) associated with gains on foreign exchange.

11. Interest payable and similar expenses

	2023 £000	*2021 £000*
Bank interest payable	**2,225**	*1,250*
Finance leases and hire purchase contracts	**38**	*2*
Other interest payable	**126**	*141*
	2,389	*1,393*

Other interest payable includes £nil (2021: £6,000) associated with losses on foreign exchange, £46,000 (2021: £94,000) net interest expense on post-employment benefits (note 25) and £nil (2021: £4,000) associated with losses on derivative financial instruments.

12. Tax on loss

	2023 £000	*2021 £000*
Corporation tax		
Current tax on profits for the year	**164**	*-*
Adjustments in respect of previous periods	**43**	*(369)*
	207	*(369)*
Total current tax	**207**	*(369)*
Deferred tax		
Origination and reversal of timing differences	**(573)**	*(15)*
Changes to tax rates	**(269)**	*20*
Adjustments in respect of previous periods	**(275)**	*383*
Total deferred tax	**(1,117)**	*388*
Taxation on (loss)/profit on ordinary activities	**(910)**	*19*

Factors affecting tax (credit)/charge for the year

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

	2023 £000	*2021 £000*
Loss on ordinary activities before tax	**(2,611)**	*(169)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(496)**	*(32)*
Effects of:		
Expenses not deductible and income not taxable for tax purposes	**40**	*(21)*
Adjustments to tax charge in respect of prior periods	**(232)**	*14*
Tax rate changes	**(269)**	*20*
Transfer pricing adjustments	**47**	*38*
Total tax (credit) / charge for the period/year	**(910)**	*19*

12. Tax on loss (continued)

Factors that may affect future tax charges

In the March 2021 Budget, the Government announced that from April 2023 the corporation tax rate would increase from 19% to 25%. These changes were substantively enacted at the balance sheet data and so have been reflected in the measurement of deferred tax balances.

13. Tangible fixed assets

	Plant and machinery £000
Cost	
At 1 January 2022	**82,811**
Additions	**7,483**
At 31 March 2023	**90,294**
Depreciation	
At 1 January 2022	**58,982**
Charge for the period on owned assets	**7,158**
At 31 March 2023	**66,140**
Net book value	
At 31 March 2023	**24,154**
At 31 December 2021	*23,829*

14. Stocks

	31 March 2023 £000	*31 December 2021 £000*
Raw materials and consumables	**3,333**	*2,709*
Work in progress (goods to be sold)	**16,542**	*14,856*
Finished goods and goods for resale	**3,313**	*3,874*
	23,188	*21,439*

The book value of inventories is not materially different from their replacement cost.

Inventories are stated after provisions for impairment of £3,149,000 (2021: £2,598,000).

15. Debtors

	31 March 2023 £000	*31 December 2021 £000*
Due after more than one year		
Amounts owed by group undertakings	**16,306**	*22,540*
Deferred tax asset	**1,729**	*508*
	18,035	*23,048*

	31 March 2023 £000	*31 December 2021 £000*
Due within one year		
Trade debtors	**20,650**	*16,297*
Other debtors	**201**	*669*
Financial instruments	**4**	*-*
Prepayments and accrued income	**1,047**	*699*
	21,902	*17,665*

15. Debtors (continued)

The amounts owed by group undertakings have no fixed repayment date, however the terms of the loans are such that Mettis Aerospace Limited is required to give notice of more than a year before repayment. These amounts are unsecured and no interest is charged.

Other debtors includes Corporation tax recoverable of £201,000 (2021: £669,000)

Trade debtors are stated after provisions of £251,000 (2021: £219,000).

16. Creditors: Amounts falling due within one year

	31 March 2023 £000	*31 December 2021 £000*
Trade creditors	**15,144**	*9,546*
Other taxation and social security	**1,220**	*1,174*
Finance leases	**400**	*27*
Accruals and deferred income	**6,470**	*3,708*
Derivative financial instruments	**-**	*7*
	23,234	*14,462*

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

	31 March 2023 £000	*31 December 2021 £000*
Bank loans and overdrafts	**11,937**	*19,393*
Finance leases	**1,439**	*-*
Amounts owed to group undertakings	**22,303**	*19,550*
Accruals and deferred income	**375**	*375*
	36,054	*39,318*

The amounts owed to group undertakings have no fixed repayment date, however the terms of the loans are such that the lenders are required to give notice of more than a year before repayment. These amounts are unsecured and no interest is charged.

18. Loans

Analysis of the maturity of loans is given below:

	31 March 2023 £000	*31 December 2021 £000*
Amounts falling due 2-5 years		
Bank loans	**11,937**	*19,393*
	11,937	*19,393*

The bank loans falling due between 2 and 5 years include a Revolving Credit Facility of £3,500,000 (2021: £7,950,000) which does not expire until August 2024 (extended after year end until February 2025), and is subject to interest charges at 3.5% over LIBOR or EURIBOR (2021: 3.5%).

All other bank loans are due to expire in February 2025 (extended after year end until May 2025), and include loans of USD 2,660,000 (2021: USD 3,539,000), with interest charged at cash interest rate of 6.0% over LIBOR or EURIBOR (2021: 6.0%) subject to a minimum total rate payable of 6.0% (2021: 6.0%). Additionally the loans carry a PIK rate of interest which ranges between 1.0% and 1.75%, dependent upon the group net leverage. The PIK interest compounds and forms part of the relevant loan at the end of each interest period.

Following the expiration of LIBOR on 31 December 2021, the reference interest rates transitioned to SONIA for GBP and SOFR for USD.

Bank loans are secured against tangible assets, inventories and debtors of certain companies within the SSCP Titan Topco Limited group.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	31 March 2023 £000	*31 December 2021 £000*
Within one year	**400**	*27*
Between 1-5 years	**1,439**	-
	1,839	*27*

During the period the group entered into an agreement to sell certain assets and lease back over a period of five years with the ability to re-purchase the assets at a nominal cost. As a result the assets are considered to be held under a finance lease - sale and leaseback agreement. Accordingly no disposal has been recognised with the resultant cash inflow of £2,000,000 (2021: £nil) incorporated within finance lease liabilities.

20. Financial instruments

	31 March 2023 £000	*31 December 2021 £000*
Financial assets that are debt instruments measured at amortised cost		
- Amounts owed by group undertakings	**16,306**	*22,540*
- Trade debtors	**20,650**	*16,297*
	36,956	*38,837*

	31 March 2023 £000	*31 December 2021 £000*
Financial liabilities measured at amortised cost		
- Amounts owed to group undertakings	**22,303**	*19,550*
- Bank Loans	**11,937**	*19,393*
- Finance Leases	**1,839**	*27*
- Trade creditors	**15,144**	*9,546*
- Accruals	**6,845**	*4,083*
	58,068	*52,599*

Currency derivatives

At 31 March 2023 the Company had financial assets measured at fair value through profit or loss of £4,000 (2021: liabilities £7,000), arising from derivative financial instruments.

These derivative financial instruments are forward foreign currency contracts which the company enters into to mitigate the exchange rate risk for certain foreign currency receivables. At 31 March 2023 the company has outstanding contracts that mature within twelve months where the company is committed to buy EUR200,000 and pay a fixed sterling amount (2021: EUR500,000). At 31 March 2023 the company has no outstanding contracts that mature after twelve months where the company is committed to sell foreign currency and pay a fixed sterling amount (2021: Nil). The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:EUR or GBP:USD.

21. Deferred taxation

	2023 £000
At beginning of year	508
Charged to profit or loss	1,117
Charged to other comprehensive (expense) / income	104
At end of year	**1,729**

The deferred tax asset is made up as follows:

	31 March 2023 £000	*31 December 2021 £000*
Accelerated capital allowances	(762)	*(332)*
Tax losses carried forward	1,340	*246*
Pension deficit	625	*457*
Trading timing differences	526	-
Non-trading timing differences	-	*137*
	1,729	*508*

The company has recognised a deferred tax asset in relation to the taxable losses incurred between 2020 and 2023 as the directors consider that the company will generate sufficient taxable profits in the future to utilise these losses.

22. Share capital

	31 March 2023 £000	*31 December 2021 £000*
Allotted, called up and fully paid		
100,000 *(2021 - 100,000)* Ordinary shares of £1.00 each	**100**	*100*

23. Reserves

Profit and loss account

Retained earnings represent accumulated comprehensive income for the year and prior periods plus share-based payments adjustments and related tax credits, capital contributions from the immediate, intermediate and ultimate parent companies, transfers from share capital on cancellation of shares less dividends and other distributions.

24. Capital commitments

The company had capital commitments associated with property, plant and equipment at 31 March 2023 of £807,000 (2021: £1,375,000).

25. Pension commitments

The Company operates two Defined Contribution Pension Schemes;

The Mettis Pension Trust and the Group Personal Pension Plan are funded defined contribution arrangements. The pension charge for these arrangements is equal to the actual contributions payable in the year. The pension charge for the year for defined contribution arrangements was £1,720,000 (2021: £1,096,000). There were £260,000 (2021: £108,000) of outstanding contributions at 31 March 2023.

The Company operates a Defined Benefit Pension Scheme.

The Blue, Green and Orange Sections of the High Duty Alloys Pension Scheme are defined benefit in nature. These sections of the scheme closed to future accrual on 5 October 2005. No new defined pension benefits are earned in the scheme. However, in 2018 the company recognised an additional liability of £458,000 for the costs of equalising GMP benefits between male and female members. This was expensed to the profit and loss account in the year ending 31 December 2018.

The defined accrued benefits method is used to calculate the value of pension benefits already accrued and is used by the trustees and employer to determine any recovery plan should there be a funding shortfall.

Contributions during the period amounted to £872,000 (2021: £594,000). The estimated contribution to be paid to the scheme by the company next year is £877,000 (2021: £575,000).

The pension cost has been assessed in accordance with advice received from the independent qualified actuary on the basis of an actuarial review of the financial status of the schemes carried out as at 31 December 2020, updated to 31 March 2023 by the actuary.

Reconciliation of present value of plan liabilities:

	31 March 2023 £000	*31 December 2021 £000*
Reconciliation of present value of plan liabilities		
At the beginning of the year	**28,817**	*32,057*
Interest cost	**663**	*412*
Actuarial gains	**(8,858)**	*(2,861)*
Benefits paid	**(1,921)**	*(791)*
At the end of the year	**18,701**	*28,817*

25. Pension commitments (continued)

Reconciliation of present value of plan assets:

	31 March 2023 £000	*31 December 2021 £000*
At the beginning of the year	**26,520**	*24,704*
Administration costs	**(175)**	*(137)*
Interest income	**617**	*318*
Return on plan assets less interest	**(9,713)**	*1,832*
Contributions	**872**	*594*
Benefits paid	**(1,921)**	*(791)*
At the end of the year	**16,200**	*26,520*

Composition of plan assets:

	31 March 2023 £000	*31 December 2021 £000*
Equities	**3,062**	*10,050*
Property	**638**	*660*
Fixed Income (including Liability Driven Investment)	**9,780**	*13,077*
Alternatives	**1,878**	*1,938*
Cash	**842**	*795*
Total plan assets	**16,200**	*26,520*

	31 March 2023 £000	*31 December 2021 £000*
Fair value of plan assets	**16,200**	*26,520*
Present value of plan liabilities	**(18,701)**	*(28,817)*
Net pension scheme liability	**(2,501)**	*(2,297)*

25. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	31 March 2023 £000	*31 December 2021 £000*
Administration cost	**175**	*137*
Net interest on post-employment benefits	**46**	*94*
Total	**221**	*231*

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2023 %	*2021 %*
Discount rate	**4.80**	*1.90*
Revaluation in deferment	**4.80**	*1.90*
Future pension increases	**2.55 - 3.60**	*2.60 - 3.65*
Inflation (RPI)	**3.30**	*3.35*
Inflation (CPI)	**2.75**	*2.80*
Mortality rates		
- for a male aged 65 now	**20.4**	*20.4*
- at 65 for a male aged 45 now	**21.7**	*21.7*
- for a female aged 65 now	**23.6**	*23.5*
- at 65 for a female member aged 45 now	**25**	*25*

Surplus

26. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 March 2023 £000	31 December 2021 £000
Land and buildings		
Not later than 1 year	**400**	*800*
Later than 1 year and not later than 5 years	**-**	*600*
	400	*1,400*

	31 March 2023 £000	31 December 2021 £000
Other		
Not later than 1 year	**356**	*363*
Later than 1 year and not later than 5 years	**1,028**	*1,100*
Later than 5 years	**143**	*449*
	1,527	*1,912*

27. Contingent liabilities

The company is a party to a group banking arrangement. The SSCP Titan Topco Limited group's bank borrowings at any time are secured by a fixed and floating charge on the assets of the company. There were contingent liabilities at the period-end under letters of indemnity given by the bank of £550,000 (2021: £550,000) in favour of HM Revenue and Customs for VAT and duty deferment and suspension.

28. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the SSCP Titan Topco Limited group.

During the period ended 31 March 2023 Mettis Aerospace Limited was charged £nil (2021: £33,000) for marketing services by Milan Creative Limited, a related party by virtue of a director. At 31 March 2023 £nil (2021: £1,000) was payable in respect of these charges.

No other related party transactions requiring disclosure were undertaken during the year (2021: £Nil).

29. Post balance sheet events

Following the year end the company, group and its lenders agreed to amend and restate the Senior Facilities Agreement ("SFA"). This amendment and restatement agreement ("ARA") was signed on 21 December 2023. The ARA included a three-month extension of the main facility term and a six-month extension to the working capital facility, a £15.5 million (£12 million net of fees) injection of cash from the majority shareholder into the business, agreement to capitalise 12 months of senior facility interest (£5 million) up to March 2024 as opposed to being cash paid, and the disapplicaction of the gross leverage covenant test in place of a liquidity covenant test for the remainder of the facility.

30. Controlling party

The immediate parent company is High Duty Alloys Limited, a company incorporated in England.

SSCP Titan Midco Limited, an intermediate parent company incorporated in the United Kingdom, heads the smallest group to consolidate these financial statements and SSCP Titan Topco Limited, also an intermediate parent company incorporated in the United Kingdom, heads the largest group to consolidate these financial statements. Copies of the SSCP Titan Topco Limited consolidated financial statements can be obtained from the Company Secretary, SSCP Titan Topco Limited, Windsor Road, Redditch, Worcestershire, B97 6EF.

SSCP Titan Holdings S.C.A. (Luxembourg) is the ultimate parent company and holds 94.6% (2021: 94.6%) of the equity of SSCP Titan Topco Limited, which represents 76.3% (2021: 76.3%) of the voting rights. The remainder of the equity is held by members of the senior management team. As a result the directors consider that Mettis Aerospace Limited is effectively controlled by SSCP Titan Holdings S.C.A. (Luxembourg).