

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
FOR
DYNAMIC CONTROLS LTD**

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2024**

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DYNAMIC CONTROLS LTD

**COMPANY INFORMATION
for the Year Ended 31 December 2024**

DIRECTORS: B J Ruscillo
J Miller
R O Whitford, Jr.

SECRETARY: R Gregory

REGISTERED OFFICE: Dynamic Works
Union Street
Royton
Oldham
OL2 5JD

REGISTERED NUMBER: 01689259 (England and Wales)

AUDITORS: Fairhurst Audit Services Ltd
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

**STRATEGIC REPORT
for the Year Ended 31 December 2024**

The directors present their strategic report for the year ended 31 December 2024.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Dynamic Controls continues to design and manufacture cartridge valves, with interchangeable valve cartridges, manifolds/reducing stations with applications for H.P. Hydraulic systems, H.P. Air systems, and other system/applications (i.e. Air, Co2, Methanol, Nitrogen, Water, Oil, LNG), also bellows sealed globe valves for the nuclear and diesel electric submarine market, aircraft carriers and the nuclear market. Additionally, we design and manufacture proprietary valves for high pressure gas supply control systems/manifolds for cargo ships and LNG carriers.

In the year ended 31 December 2024, Dynamic Controls experienced a downturn in production volume, profitability, and cash flows. The downturn was primarily driven by a dedicated effort to complete the remaining backlog for one of our navy contracts with our major customer. The backlog consisted primarily of bellows sealed globe valves, a first-of-a-kind design and production effort for DCL, that resulted in delays over quality and design, longer production times, and overall higher costs. By the end of calendar year 2024, significant progress was made against this contract and Dynamic Controls is seeing improved production volume and cash flows in 2025.

The Board remains committed to delivering high-quality product to our customers and improving production capacity to position Dynamic Controls for growth and to secure future work in our existing markets and potential new business capture opportunities.

KEY PERFORMANCE INDICATORS

The main financial key performance indicators used to monitor business performance are sales, gross profit, operating profit and operating cash flows. In addition, there is a management team in place to monitor health and safety, regulatory compliance, and customer satisfaction.

	2024	2023
Turnover	13,370,317	11,046,796
Gross Profit	454,378	4,076,641
Gross Profit %	3.4%	36.9%
Operating Profit/(Loss)	(2,421,163)	1,822,125
Operating Cash Flows	(7,882,158)	(3,643,100)

In the year ended 31 December 2024, the company generated a net cash loss from operations of £ (7,882,158) and invested £669,972 in capital expenditures at its site in Oldham. It is important to note that Dynamic Controls operates a milestone-based payment structure with its primary customer. Approximately 30% of the contract value is paid upon award to enable the company to secure long-lead material procurements to support production. There were significant cash inflows in 2022 to support our largest contract and 2023 and 2024 were impacted by the related cash outflows.

2024 turnover included £6,547,372 of pass-through revenues for manufacturing work completed by an intercompany business unit. Given the pass-through nature, Dynamic Controls had minimal profit margin (~7%) for this work, driving gross profit margin significantly lower than 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk is mitigated by a credit limit being set for all customers and monitoring the amount of credit offered on a regular basis. This is further managed and overseen by the corporate Treasury department for Dynamic Controls' ultimate parent company, BWX Technologies, Inc. Liquidity risk is monitored locally by the on-site Finance team and Managing Director, but managed by the corporate Treasury department for BWX Technologies, who will ensure the company has sufficient current and future cash reserves and facilities available to meet its liabilities and financial obligations for at least twelve months from the signing of the financial statements.

**STRATEGIC REPORT
for the Year Ended 31 December 2024**

R O Whitford, Jr. - Director

16 September 2025

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2024**

The directors present their report with the financial statements of the company for the year ended 31 December 2024.

PRINCIPAL ACTIVITY

Dynamic Controls continues to design and manufacture cartridge valves, for the nuclear and diesel electric submarine market, aircraft carriers, and the nuclear market. Additionally, we design and manufacture engine and high pressure gas supply control systems for cargo ships and LNG carriers.

DIVIDENDS

The company reported an operating loss of £2.4m (2023: Operating profit of £1.9m on turnover of £13.3m (2023: £11.0m). No dividends will be distributed for the year ended 31 December 2024.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2024 to the date of this report.

B J Ruscillo
J Miller
R O Whitford, Jr.

Other changes in directors holding office are as follows:

Mrs F C Plant , R A LeMasters and K Mccoy ceased to be directors after 31 December 2024 but prior to the date of this report.

GOING CONCERN

The company is reliant upon the support, both financial and management, of the parent company, which has been confirmed for the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2024**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

R O Whitford, Jr. - Director

16 September 2025

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DYNAMIC CONTROLS LTD**

Opinion

We have audited the financial statements of Dynamic Controls Ltd (the 'company') for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DYNAMIC CONTROLS LTD**

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 the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page four, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DYNAMIC CONTROLS LTD**

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we identified the laws and regulations applicable to the company through discussions with directors and other management, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation, employment legislation, Health and Safety regulations and ISO 9001 Quality Management System.

- we enquired of the directors and reviewed correspondence with HMRC for evidence of non-compliance with laws and regulations. We also reviewed controls the directors have in place to ensure compliance.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

- we reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- we enquired of the directors about actual and potential litigation and claims.

Due to inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DYNAMIC CONTROLS LTD**

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 a Report of the Auditors 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.

John B S Fairhurst BA (Hons) FCA (Senior Statutory Auditor)
for and on behalf of Fairhurst Audit Services Ltd
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

16 September 2025

**STATEMENT OF COMPREHENSIVE
INCOME
for the Year Ended 31 December 2024**

	Notes	2024 £	2023 £
TURNOVER	3	13,370,317	11,046,796
Cost of sales		<u>12,915,939</u>	<u>6,970,155</u>
GROSS PROFIT		454,378	4,076,641
Administrative expenses		<u>2,875,541</u>	<u>2,254,516</u>
OPERATING (LOSS)/PROFIT	5	(2,421,163)	1,822,125
Interest receivable and similar income		<u>33,714</u>	<u>170,415</u>
		(2,387,449)	1,992,540
Amounts written off investments	6	<u>-</u>	<u>100</u>
		(2,387,449)	1,992,440
Interest payable and similar expenses	7	<u>15,797</u>	-
(LOSS)/PROFIT BEFORE TAXATION		(2,403,246)	1,992,440
Tax on (loss)/profit	8	<u>(178,373)</u>	<u>476,721</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(2,224,873)	1,515,719
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(2,224,873)</u></u>	<u><u>1,515,719</u></u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 December 2024

	Notes	2024 £	£	2023 £	£
FIXED ASSETS					
Tangible assets	9		1,727,334		1,403,481
CURRENT ASSETS					
Stocks	10	7,725,274		4,958,244	
Debtors	11	4,781,875		1,696,365	
Cash at bank and in hand		184,462		2,261,359	
		<u>12,691,611</u>		<u>8,915,968</u>	
CREDITORS					
Amounts falling due within one year	12	<u>11,571,285</u>		<u>5,309,218</u>	
NET CURRENT ASSETS			<u>1,120,326</u>		<u>3,606,750</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,847,660		5,010,231
PROVISIONS FOR LIABILITIES	14		307,501		245,199
NET ASSETS			<u><u>2,540,159</u></u>		<u><u>4,765,032</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		6,000		6,000
Retained earnings	16		2,534,159		4,759,032
SHAREHOLDERS' FUNDS			<u><u>2,540,159</u></u>		<u><u>4,765,032</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 September 2025 and were signed on its behalf by:

R O Whitford, Jr. - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2024

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2023	6,000	3,243,313	3,249,313
Changes in equity			
Total comprehensive income	-	1,515,719	1,515,719
Balance at 31 December 2023	<u>6,000</u>	<u>4,759,032</u>	<u>4,765,032</u>
Changes in equity			
Total comprehensive income	-	(2,224,873)	(2,224,873)
Balance at 31 December 2024	<u><u>6,000</u></u>	<u><u>2,534,159</u></u>	<u><u>2,540,159</u></u>

The notes form part of these financial statements

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STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2024

	Notes	2024 £	2023 £
Cash flows from operating activities			
Cash generated from operations	1	(2,827,054)	(3,319,605)
Interest paid		(15,797)	-
Tax paid		(240,675)	-
Net cash from operating activities		<u>(3,083,526)</u>	<u>(3,319,605)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(569,023)	(494,462)
Interest received		33,714	170,415
Net cash from investing activities		<u>(535,309)</u>	<u>(324,047)</u>
Cash flows from financing activities			
New group loans in year		<u>1,541,938</u>	<u>(122,305)</u>
Net cash from financing activities		<u>1,541,938</u>	<u>(122,305)</u>
Decrease in cash and cash equivalents		<u>(2,076,897)</u>	<u>(3,765,957)</u>
Cash and cash equivalents at beginning of year	2	2,261,359	6,027,316
Cash and cash equivalents at end of year	2	<u><u>184,462</u></u>	<u><u>2,261,359</u></u>

The notes form part of these financial statements

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NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2024

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2024	2023
	£	£
(Loss)/profit before taxation	(2,403,246)	1,992,440
Depreciation charges	245,169	237,976
Finance costs	15,797	-
Finance income	(33,714)	(170,415)
	<u>(2,175,994)</u>	<u>2,060,001</u>
Increase in stocks	(2,767,030)	(2,292,918)
(Increase)/decrease in trade and other debtors	(2,898,540)	158,001
Increase/(decrease) in trade and other creditors	5,014,510	(3,244,689)
Cash generated from operations	<u><u>(2,827,054)</u></u>	<u><u>(3,319,605)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2024

	31/12/24	1/1/24
	£	£
Cash and cash equivalents	<u>184,462</u>	<u>2,261,359</u>

Year ended 31 December 2023

	31/12/23	1/1/23
	£	£
Cash and cash equivalents	<u>2,261,359</u>	<u>6,027,316</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/24	Cash flow	At 31/12/24
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,261,359</u>	<u>(2,076,897)</u>	<u>184,462</u>
	<u>2,261,359</u>	<u>(2,076,897)</u>	<u>184,462</u>
Total	<u><u>2,261,359</u></u>	<u><u>(2,076,897)</u></u>	<u><u>184,462</u></u>

The notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2024

1. **STATUTORY INFORMATION**

Dynamic Controls Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Judgements and sources of estimation uncertainty

The preparation of the financial statements require management to make significant judgements, estimates and assumptions. The items in the financial statements where these judgements and estimates have been made include:

Judgements

The useful economic lives of tangible fixed assets are assessed on an annual basis on the latest available information. Management believe that the useful economic lives being used currently are still appropriate.

Sources of estimation uncertainty

Stock provisions are assessed annually by experienced management, using their product knowledge and industry specific background.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes for goods and services provided.

The company recognises revenue when the significant risks and rewards of ownership have transferred to the buyer. This is usually when the customer takes delivery of the goods.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the reporting date. When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Amounts recoverable on contracts are stated at the net sales value of the work completed, taking into account any necessary provisions for anticipated future losses on contracts. Milestone payments on account received on contracts are included in creditors, having netted off any sales value of the work completed on the contracts.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024

2. ACCOUNTING POLICIES - continued

Fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation and impairment.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Land and buildings	-	1% on cost
Plant and machinery etc	-	10% - 33 1/3% on cost

Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of each asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all direct expenditure and an appropriate proportion of variable overheads.

Financial instruments

The company only holds basic financial instruments, as defined under Section 11 of FRS 102.

Short term financial assets, including trade and other debtors and cash and bank balances, are measured at the transaction price.

Short term financial liabilities, including trade and other creditors, are measured at transaction price. Financial liabilities that have no stated interest rate and are payable within one year shall be measured at the undiscounted amount due.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Short term employee benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred.

The company operates a number of defined contribution pension schemes. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024

3. TURNOVER

The turnover and loss (2023 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2024	2023
	£	£
United Kingdom	9,381,053	10,757,353
Europe	3,593,530	28,129
United States of America	286,272	-
Australia	6,333	3,536
Canada	96,369	197,885
India	1,038	59,795
Worldwide (Various)	5,722	98
	<u>13,370,317</u>	<u>11,046,796</u>

4. EMPLOYEES AND DIRECTORS

	2024	2023
	£	£
Wages and salaries	2,497,753	2,105,286
Social security costs	297,110	245,941
Other pension costs	80,473	68,853
	<u>2,875,336</u>	<u>2,420,080</u>

The average number of employees during the year was as follows:

	2024	2023
Office	23	17
Manufacturing	36	33
	<u>59</u>	<u>50</u>

	2024	2023
	£	£
Directors' remuneration	<u>179,569</u>	<u>149,582</u>

5. OPERATING (LOSS)/PROFIT

The operating loss (2023 - operating profit) is stated after charging:

	2024	2023
	£	£
Other operating leases	18,954	11,662
Depreciation - owned assets	245,170	237,876
Auditors' remuneration	<u>17,500</u>	<u>15,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024

6. AMOUNTS WRITTEN OFF INVESTMENTS

	2024	2023
	£	£
Amounts written off investments	<u>-</u>	<u>100</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2024	2023
	£	£
Bank interest	<u>15,797</u>	<u>-</u>

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2024	2023
	£	£
Current tax:		
UK corporation tax	-	240,675
Prior year tax	<u>(240,675)</u>	<u>204,507</u>
Total current tax	<u>(240,675)</u>	<u>445,182</u>
Deferred tax	62,302	31,539
Tax on (loss)/profit	<u>(178,373)</u>	<u>476,721</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2024	2023
	£	£
(Loss)/profit before tax	<u>(2,403,246)</u>	<u>1,992,440</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 25% (2023 - 19%)	(600,812)	378,564
Effects of:		
Expenses not deductible for tax purposes	168	98,157
Adjustments to tax charge in respect of previous periods	(240,675)	-
Fixed asset differences	3,600	-
Losses carried back	255,814	-
Movement on deferred tax not recognised	<u>403,532</u>	<u>-</u>
Total tax (credit)/charge	<u>(178,373)</u>	<u>476,721</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024

9. TANGIBLE FIXED ASSETS

	Long leasehold property £	Plant and machinery £	Totals £
COST OR VALUATION			
At 1 January 2024	779,048	3,348,177	4,127,225
Additions	135,743	433,280	569,023
Disposals	(25,807)	(1,029,900)	(1,055,707)
At 31 December 2024	<u>888,984</u>	<u>2,751,557</u>	<u>3,640,541</u>
DEPRECIATION			
At 1 January 2024	152,761	2,570,983	2,723,744
Charge for year	43,235	201,935	245,170
Eliminated on disposal	(25,807)	(1,029,900)	(1,055,707)
At 31 December 2024	<u>170,189</u>	<u>1,743,018</u>	<u>1,913,207</u>
NET BOOK VALUE			
At 31 December 2024	<u>718,795</u>	<u>1,008,539</u>	<u>1,727,334</u>
At 31 December 2023	<u>626,287</u>	<u>777,194</u>	<u>1,403,481</u>

Included in cost or valuation of land and buildings is freehold land of £15,500 (2023 - £15,500) which is not depreciated. Long leasehold property was valued on an open market, existing use basis in June 2018 by Avison Young, Valuers. The directors have relied upon this valuation, taking into account the current property market conditions, in arriving at its net book value at 31 December 2024.

Cost or valuation at 31 December 2024 is represented by:

	Long leasehold property £	Plant and machinery £	Totals £
Valuation in 1997	70,000	-	70,000
Valuation in 2012	(45,533)	-	(45,533)
Valuation in 2018	(283,130)	-	(283,130)
Cost	<u>1,147,647</u>	<u>2,751,557</u>	<u>3,899,204</u>
	<u>888,984</u>	<u>2,751,557</u>	<u>3,640,541</u>

If long leasehold property had not been revalued it would have been included at the following historical cost:

	2024 £	2023 £
Cost	<u>1,147,647</u>	<u>1,037,711</u>
Aggregate depreciation	<u>457,569</u>	<u>401,951</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024

10.	STOCKS		
		2024	2023
		£	£
	Stocks	<u>7,725,274</u>	<u>4,958,244</u>
11.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2024	2023
		£	£
	Trade debtors	919,589	1,296,685
	Amounts owed by group undertakings	-	53,705
	Amounts recoverable on contract	3,308,582	-
	Other debtors	313,029	345,975
	Tax	240,675	-
		<u>4,781,875</u>	<u>1,696,365</u>
12.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2024	2023
		£	£
	Trade creditors	7,613,561	2,039,138
	Amounts owed to group undertakings	1,488,232	-
	Tax	-	240,675
	Social security and other taxes	66,345	57,278
	Other creditors	196,530	306,046
	Payments on account	2,206,617	2,666,081
		<u>11,571,285</u>	<u>5,309,218</u>
13.	LEASING AGREEMENTS		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		2024	2023
		£	£
	Within one year	81,940	27,513
	Between one and five years	212,004	78,186
	In more than five years	2,781,823	2,313,866
		<u>3,075,767</u>	<u>2,419,565</u>
14.	PROVISIONS FOR LIABILITIES		
		2024	2023
		£	£
	Deferred tax		
	Accelerated capital allowances	317,624	-
	Other timing differences	(10,123)	-
	Deferred tax	-	245,199
		<u>307,501</u>	<u>245,199</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024

14. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2024	245,199
Provided during year	62,302
Balance at 31 December 2024	<u>307,501</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2024 £	2023 £
6,000	Ordinary	£1	<u>6,000</u>	<u>6,000</u>

16. RESERVES

	Retained earnings £
At 1 January 2024	4,759,032
Deficit for the year	(2,224,873)
At 31 December 2024	<u>2,534,159</u>

The retained earnings reserve includes all current and prior period retained profits or losses.

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the company to the fund and amounted to £80,473 (2023 - £68,853). As at the year end there were £Nil (2023 - £Nil) contributions outstanding.

18. CAPITAL COMMITMENTS

	2024 £	2023 £
Contracted but not provided for in the financial statements	<u>62,160</u>	<u>-</u>

19. RELATED PARTY DISCLOSURES

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2024**

20. ULTIMATE PARENT COMPANY

The company's parent company is BWXT Government Group, Inc. and the company's ultimate parent company is BWX Technologies, Inc., both companies are incorporated in Delaware USA.

