

AIM Composites Limited

AIM Composites Limited

Registered No. 348981

Directors' Report and Financial Statements

for the year ended 30 April 2013

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AIM Composites Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 30 April 2013

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Directors' Report *for the year ended 30 April 2013*

The directors present their report and audited Financial Statements of the Company for the year ended 30 April 2013

Principal activities and business review

The principal activity of the Company is the build to print manufacture of lightweight composite panels and mouldings supplying both group companies and third party customers. The company also provides a number of composite related test, repair and distribution services

The business achieved a significant improvement in the profitability of its operations during the year driven by a focus on improving efficiency, quality and delivery including completion of a significant capital expenditure programme. The company is well positioned to supply the increasing demand from Group companies and the market in future periods

The turnover and profit for the financial year were as follows

	2013 £'000	2012 £'000
Turnover	13,886	12,056
Profit for the year before taxation	575	197
Taxation charge	(137)	(51)
Profit for the financial year	438	146

Dividends

No interim dividend was paid during the year (2012 – £nil) No final dividend is proposed (2012 - £nil)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately Accordingly, the principal risks and uncertainties of the Company, which include commercial relationships, environmental, financial, credit, foreign exchange, liquidity, interest rate and information technology are discussed on pages 3 and 4 of AIM Aviation Limited's financial statements which do not form part of this report.

Key performance indicators

The directors of AIM Aviation Limited manage the Group's operations centrally For this reason, the company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company The development, performance and position of the Group as a whole, which includes the company, is discussed on pages 2 and 3 of the AIM Aviation Limited financial statements which do not form part of this report

Research and development

The Company pursues a continuing programme of research and development to maintain its position amongst the leaders in the design and manufacture of interior equipment for the aerospace and related industries

Directors' Report (Continued)
for the year ended 30 April 2013

Directors

The directors who have served during the year and up to the date of signing the financial statements were:-

D J Drewry

G Crow

M J Edwards

P P S Forbes (resigned 1 July 2013)

S Barbour

A J Leitch

M J Edwards, P P S Forbes and A J Leitch are directors of the ultimate parent undertaking AIM Aviation Limited at the year end.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employees

The Company recognises its obligations towards disabled persons and applications from them for employment are given full and fair consideration. Training and career progression are available for the disabled, as for any other member of staff. Whenever possible every endeavor is made to assist existing employees who have become disabled to continue their employment.

Consultations and participation take place through trade union and representative employee committee channels and through briefing meetings and discussions with employees. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

Creditor payment policy

Payment is generally made to creditors in accordance with agreed terms of business, provided that those terms have been met. Trade creditors at the year end represented 43 days (2012 – 66 days) of total amounts invoiced by suppliers during the year.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company AIM Aviation Limited. The directors have received confirmation that AIM Aviation Limited intend to support the company for at least one year after these financial statements are signed.

Directors' Report (Continued)
for the year ended 30 April 2013

Statement of directors' responsibilities

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

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

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved

- (a) as far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) he 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 auditor is aware of that information.

On behalf of the Board



M J Edwards
Director
5 July 2013

Independent auditors' report to the members of AIM Composites Limited

We have audited the financial statements of AIM Composites Limited for the year ended 30 April 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2013 and of its profit 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.

Independent auditors' report to the members of AIM Composites Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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



Alan Kinnear (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

5 July 2013

Profit and Loss Account
for the year ended 30 April 2013

		2013	2012
	Note	£'000	£'000
Turnover	2	13,886	12,056
Cost of Sales		(11,555)	(9,995)
Gross profit		2,331	2,061
Distribution costs		(253)	(339)
Administrative expenses		(1,503)	(1,525)
Operating profit		575	197
Interest receivable and similar income		-	-
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation	4	575	197
Tax on profit on ordinary activities	5	(137)	(51)
Profit for the financial year	13	438	146

The Company has no recognised gains and losses other than above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

All activities reflected above relate to continuing operations.

Balance Sheet
as at 30 April 2013

Registered in England No 348981

	Note	£'000	2013 £'000	2012 £'000
Fixed assets				
Tangible assets	6		1,585	1,397
Current assets				
Stocks	7	2,524		1,879
Debtors	8	4,259		2,917
Cash at bank and in hand		181		76
		6,964		4,872
Creditors: Amounts falling due within one year	9	(8,505)		(6,674)
Net current liabilities			(1,541)	(1,802)
Total assets less current liabilities			44	(405)
Provisions for liabilities	10/11		(166)	(155)
Net liabilities			(122)	(560)
Capital and reserves				
Called up share capital	12		6	6
Profit and loss account	13		(128)	(566)
Total shareholders' deficit	14		(122)	(560)

The financial statements on pages 6 to 17 were approved by the board of directors on and signed on its behalf by:



A J Leitch
Director
5 July 2013

Notes to the financial statements
for the year ended 30 April 2013

1. Accounting policies

(a) Basis of Accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(b) Turnover

Turnover is measured at the fair value of the right to consideration and is recognised when the legal title and the risks and rewards of ownership have been passed to the customer. Turnover for services is recognised as the services are rendered. Turnover excludes value added tax and other sales taxes.

(c) Fixed Assets and Depreciation

Fixed Assets are stated at original cost to the Company, less accumulated depreciation. The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment in value is charged as applicable to the profit and loss account.

Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:-

Plant, machinery and vehicles	Between 4 and 13 years
Furniture and fittings	Between 4 and 13 years
Computer Equipment	4 Years

(d) Stocks and Work in Progress

Stocks and work in progress are valued on a 'first in, first out' basis at the lower of cost and net realisable value. Provision is made for obsolescence and for slow-moving items. The cost of work in progress and finished goods comprises materials, production labour and production overheads appropriate to the state of manufacture. Long-term contract work in progress is stated at total cost incurred net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account.

(e) Leasing

Operating lease rentals are charged against profits in the year in which they are due.

(f) Research and Development

Expenditure on research and development is written off as incurred and charged in arriving at trading profit.

Notes to the financial statements (continued)
for the year ended 30 April 2013

1. Accounting policies (continued)

(g) Deferred Taxation

Deferred tax is recognised on all timing differences, on a non-discounted basis, where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date

Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

(h) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction, or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Foreign currency gains and losses arising as a result of differences in exchange rates are taken to the profit and loss account.

(i) Pensions

Pensions and other post-retirement benefits are accounted for in accordance with FRS 17, Retirement Benefits

The company participates in a group defined contribution pension arrangement. Contributions are charged in the profit and loss account in the period to which they relate

(j) Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company AIM Aviation Limited. The directors have received confirmation that AIM Aviation Limited intends to support the company for at least one year after these financial statements are signed

Notes to the financial statements (continued)
for the year ended 30 April 2013

2. Turnover

All turnover is supplied from the United Kingdom and comprises only one class of business. The analysis of turnover by geographical destination is as follows

	2013 £'000	2012 £'000
United Kingdom	12,669	10,995
Rest of Europe	569	489
USA	145	214
Asia	305	143
Middle East	40	146
Other	158	69
Total	13,886	12,056

3. Employees

The monthly average number of people employed by the Company (including directors) during the year was as follows

	2013 Number	2012 Number
Management, administration and sales	27	27
Production	152	144
Total	179	171

The aggregate payroll costs were as follows.

	2013 £'000	2012 £'000
Wages and salaries	4,903	4,405
Social security costs	464	403
Other pension costs	125	113
Total	5,492	4,921

Directors' emoluments

	2013 £'000	2012 £'000
Aggregate emoluments as executives	351	365
Pension contributions	22	20
Total	373	385

Notes to the financial statements (continued)
for the year ended 30 April 2013

3. Employees (continued)

Included in the Directors emoluments are costs relating to three directors (2012 – three) that have been recharged from the parent company AIM Aviation Limited by way of a management charge. This is based on a split between activity, estimate of time spent on each company or percentage of sales.

Highest Paid Director

	2013 £'000	2012 £'000
Aggregate emoluments (excluding pension contributions)	142	120
Pension contributions	10	5
Total	152	125

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets	198	163
Operating leases - land and buildings	328	321
(Profit)/ loss on disposal of tangible fixed assets	(2)	6
Auditors' remuneration		
audit fees	13	13
other fees relating to taxation	3	16

Notes to the financial statements (continued)
for the year ended 30 April 2013

5. Taxation on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax		
UK Corporation tax on profits of the year	130	16
Adjustments in respect of previous years	(4)	-
Total current taxation charge	126	16
Deferred taxation		
Origination and reversal of timing differences	5	11
Adjustments in respect of previous years	2	28
Impact of changes to UK tax legislation	4	(4)
Total deferred taxation (Note 11)	11	35
Taxation charge on profit on ordinary activities	137	51

The tax assessed for the year is lower (2012 lower) than the standard rate of corporation tax in the UK of 23.92% (2011: 25.8%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	575	197
Applying standard rate of UK corporation tax of 23.92% (2012: 25.8%)	137	51
Effects of:		
Expenses not deductible for tax purposes	1	2
Fixed assets and other timing differences	(13)	(21)
Group relief surrendered free of charge	-	(14)
Adjustment in respect of earlier years	(4)	-
Pension contributions	5	(2)
Total current taxation charge	126	16

On 26 March 2012 a reduction to 24% with effect from 1 April 2012 was substantively enacted via a resolution passed by Parliament. Finance Act 2012 was substantively enacted on 3 July 2012 and reduced the main rate of corporation tax to 23% with effect from 1 April 2013. Closing deferred tax balances have therefore been valued at 23% (2012: 24%).

Recent Budget statements included proposals for further reductions to 21% from 1 April 2014 and 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, the effects of these are not included in these financial statements.

Notes to the financial statements (Continued)
for the year ended 30 April 2013

6. Tangible fixed assets

	Assets under construction	Motor vehicles	Plant and machinery	Furniture and fittings	Computer Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 May 2012	568	222	2,755	72	175	3,792
Additions	4	26	294	1	92	417
Transfers	(568)	-	462	-	106	-
Disposals	-	(82)	(254)	-	-	(336)
At 30th April 2013	4	166	3,257	73	373	3,873
Accumulated depreciation						
At 1 May 2012	-	108	2,105	41	141	2,395
Charged in year	-	38	143	4	13	198
Disposals	-	(51)	(254)	-	-	(305)
At 30th April 2013	-	95	1,994	45	154	2,288
Net book amount						
At 30 April 2013	4	71	1,263	28	219	1,585
At 30 April 2012	568	114	650	31	34	1,397

7. Stocks

	2013 £'000	2012 £'000
Raw materials and consumables	1,238	1,264
Work in progress	828	615
Finished goods	458	-
Total	2,524	1,879

8. Debtors

	2013 £'000	2012 £'000
Trade debtors	3,478	1,654
Amounts owed by fellow group undertakings	614	1,057
Prepayments and accrued income	167	206
Total	4,259	2,917

Notes to the financial statements (Continued)
for the year ended 30 April 2013

9. Creditors amounts falling due within one year:

	2013	2012
	£'000	£'000
Trade creditors	1,324	1,647
Amount owed to ultimate parent undertaking	6,482	4,637
Taxation and social security	119	109
Other creditors	496	221
Accruals and deferred income	84	60
Total	8,505	6,674

Amounts owed to the ultimate parent undertaking are repayable on demand and are unsecured, no interest is being charged (2012 – none charged)

10. Provisions for liabilities

	2013	2012
	£'000	£'000
Dilapidations		
At 1 May 2012	65	65
Charge for the year	-	-
At 30 April 2013	65	65

An assessment of dilapidation liability was carried out in May 2011 and as a consequence of this a provision of £65,000 was made based on the report

11. Deferred tax

	2013	2012
	£'000	£'000
At 1 May 2012	90	55
Current year charge	11	35
At 30 April 2013	101	90

Deferred tax is in relation to accelerated capital allowances

Notes to the financial statements (Continued)
for the year ended 30 April 2013

12. Called up share capital

	2013 £'000	2012 £'000
Authorised		
4,000 (2012: 4,000) 6% redeemable participating preference shares of £1 (2012: £1) each	4	4
6,000 (2012: 6,000) ordinary shares of £1 (2012: £1) each	6	6
	<u>10</u>	<u>10</u>
Allotted and fully paid.		
4,000 (2012: 4,000) 6% redeemable participating preference shares of £1 (2012: £1) each	4	4
2,000 (2012: 2,000) ordinary shares of £1 (2012: £1) each	2	2
	<u>6</u>	<u>6</u>

The 6% redeemable participating preference shares are non-voting. Their rights to participate in profits and in any surplus on a winding-up are limited to 6%. The 6% redeemable participating preference shares are redeemable at the Company's option on 6 months' written notice with no premium payable on redemption.

13. Profit and loss account

	Total £'000
Balance at 1st May 2012	(566)
Profit for the financial year	438
	<u>(128)</u>
Balance at 30th April 2013	

14. Reconciliation of movements in shareholders' deficit

	2013 £'000	2012 £'000
Profit for the financial year	438	146
Opening shareholders' deficit	(560)	(706)
Closing shareholders' deficit	<u>(122)</u>	<u>(560)</u>

Notes to the financial statements (Continued)
for the year ended 30 April 2013

15. Commitments

The future annual lease commitments under non-cancellable operating leases to pay rentals are as follows:

	2013 £'000	2012 £'000
Operating lease annual rental commitments on land and buildings		
Expiring within 2 to 5 years	27	-
Expiring after 5 years	-	27

16. Pensions

The company operates a defined contribution scheme available to all permanent employees. The cost of contributions to the scheme amounts to £125,349 (2012 - £113,086).

At the year end £18,838 contributions were accrued in the financial statements (2012 - £15,593)

17. Contingent liabilities

As a result of the acquisition of AIM Newco (No 2) Limited (the parent undertaking of AIM Composites Limited) by AIM Midco Limited, whose ultimate parent undertaking is AIM Aviation Limited, debt facilities were entered into by AIM Aviation Limited and AIM Midco Limited which are secured by fixed and floating charges over all assets of AIM Composites Limited and the other subsidiaries in the group

There are contingent liabilities in relation to guarantees given by the Company in respect of agreements entered into in the normal course of business

18. Dividend

The ultimate parent undertaking has waived its entitlement to receipt of a preference share dividend for the year to 30 April 2013 and 30 April 2012

19. Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996)

20. Related party disclosures

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing group transactions on the grounds that it is a wholly owned subsidiary and its results are included in the consolidated financial statements of AIM Aviation Limited which are publicly available

During the year the company made sales of £1,040 to AIM Aerospace Inc and an amount of £246 is included in Trade debtors at the year end.

Notes to the financial statements (Continued)
for the year ended 30 April 2013

21. Ultimate parent undertaking

The ultimate parent undertaking and controlling party at 30 April 2013 is AIM Aviation Limited, which is the parent undertaking of the largest and smallest group to consolidate these financial statements. Copies of the AIM Aviation Limited consolidated financial statements can be obtained from the Company secretary at Jecco House, Boscombe Grove Road, Bournemouth, Dorset, BH1 4PD.