

AIM Composites Limited

Registered No. 348981

Annual Report for the year ended 31 December 2016



Contents	Page
Strategic Report	1
Directors' Report	3
Independent auditors' report to the members of AIM Composites Limited	6
Profit and Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

AIM Composites Limited
Strategic Report
for the year ended 31 December 2016

The Directors present their strategic report on the Company for the year ended 31 December 2016.

Results

The turnover and profit for the financial year/period were as follows:

	Year ended 31 Dec 2016 £'000	8 month period ended 31 Dec 2015 £'000
Turnover	16,335	9,658
Profit on ordinary activities before taxation	18	240
Tax on profit on ordinary activities	73	33
Profit for the financial year/period	91	273

Business review and key performance indicators

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, as well as composite-related test, repair and distribution services.

The business has experienced an increase in sales due to higher demand from fellow group companies and third party customers. By managing costs, the company has remained profitable.

The directors of AIM Altitude Limited (the Company's ultimate UK parent undertaking) 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 Altitude Limited financial statements which do not form part of this report.

Other matters

On 5 May 2016 the entire share capital of the Company's ultimate UK parent undertaking, AIM Aviation Holdings Limited, was acquired by AIM Altitude Limited (formerly AVICADE Systems UK Limited), a subsidiary of AVIC International, a multinational aerospace group headquartered in Beijing, China.

On 30 November 2016 the entire share capital of the Company was acquired by AIM Altitude Limited (formerly AVICADE Systems UK Limited) for a consideration of £7.7 million as part of a project to simplify the Group's legal structure. This simplification of the Group also resulted in the Company issuing 5.5 million shares to its parent undertaking in settlement of intercompany balances.

Please refer to the Directors' report for details of planned future developments.

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 Altitude Limited's financial statements which do not form part of this report.

Position of the company at the year/period end

The Company has net assets at 31 December 2016 of £6,080k (31 December 2015: £467k).

On behalf of the Board



A J Leitch
Director
6 Apr 2017

The directors present their report and audited Financial Statements of the Company for the year ended 31 December 2016.

Future developments

No changes to the Company's activities are planned in the foreseeable future.

Dividends

No dividend was paid during the year (period to 31 Dec 2015 – £nil).

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

The directors who have served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

M J Edwards
A J Leitch
A Brown

M J Edwards and A J Leitch are directors of the ultimate UK parent undertaking AIM Altitude 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.

Financial risks

The Company is a wholly owned subsidiary of AIM Altitude Limited which manages its financial risks centrally. The most important components of financial risk impacting the company are currency risk, liquidity risk, credit risk and price risk.

The Company is exposed to currency risk in respect of transactions with overseas entities. The principal currencies to which the Company is exposed are the Euro and the US Dollar. The Group aims to limit its exposure to foreign currency exchange rate differences on its US Dollar revenue by using forward contracts. The Group's policy is to hedge a proportion of this exposure, for up to fifteen months, against its anticipated and known sales and purchases.

Credit risk is the risk that a customer will be unable to pay amounts in full when due. Mitigation of risk is by the setting and monitoring of credit limits.

Liquidity risk is the risk that cash may not be available to pay obligations when due, particularly due to the reliance on a small number of customers. Mitigation of risk is by availability of Group funds and external bank facilities.

The Company is also subject to materials price risk as a result of its operations. Mitigation of risk is by multiple-sourcing, bulk buying and intra-group purchasing.

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 endeavour 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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ", 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 comprising FRS102 ,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.

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

Statement of disclosure of information to auditors

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

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



A J Leitch
Director
6 Apr 2017

Report on the financial statements

Our Opinion

In our opinion, AIM Composites Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report for the year ended 31 December 2016 (the 'Annual Report'), comprise;

- the Balance Sheet as at 31 December 2016;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

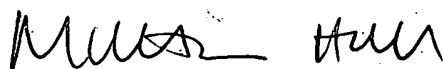
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

6 Apr 2017

AIM Composites Limited
Profit and Loss Account
for the year ended 31 December 2016

		Year ended 31 Dec 2016	8 month period ended 31 Dec 2015
	Note	£'000	£'000
Turnover	2	16,335	9,658
Cost of Sales		(14,813)	(8,342)
Gross Profit		1,522	1,316
Distribution costs		(226)	(131)
Administrative expenses		(1,278)	(945)
Operating profit	3	18	240
Profit on ordinary activities before taxation		18	240
Tax on profit on ordinary activities	5	73	33
Profit for the financial year/period		91	273

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

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

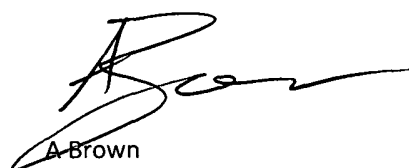
All activities reflected above relate to continuing operations.

AIM Composites Limited
Balance Sheet
as at 31 December 2016

	Note	As at 31 Dec 2016 £'000	As at 31 Dec 2015 £'000
Fixed assets			
Intangible assets	6	140	159
Tangible assets	7	1,906	2,022
		2,046	2,181
Current assets			
Inventories	8	4,150	2,797
Debtors	9	3,537	2,314
Cash at bank and in hand		18	161
		7,705	5,272
Creditors: Amounts falling due within one year	10	(3,554)	(6,796)
Net current assets/(liabilities)		4,151	(1,524)
Total assets less current liabilities		6,197	657
Provisions for other liabilities	11	(117)	(190)
Net assets		6,080	467
Capital and reserves			
Called up share capital	12	5,528	6
Retained earnings		552	461
Total Equity		6,080	467

Registered in England No. 348981

The financial statements on pages 8 to 20 were approved by the board of directors on 6 April 2017 and signed on its behalf by:


A. Brown
Director

AIM Composites Limited
Statement of Changes in Equity
for the year ended 31 December 2016

	Called-up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance at 1 May 2015	6	188	194
Profit for the period	-	273	273
Total comprehensive income for the period	-	273	273
Balance at 31 December 2015	6	461	467
Balance at 1 Jan 2016	6	461	467
Profit for the year	-	91	91
Total comprehensive income for the year	-	91	91
Issue of Share Capital	5,522	-	5,522
Total transactions with owners, recognised directly in equity	5,522	-	5,522
Balance at 31 December 2016	5,528	552	6,080

Retained earnings represents accumulated comprehensive income for the year and prior period.

During the year the Company issued 5.5 million shares to its parent undertaking in settlement of intercompany balances, as part of a project to simplify the legal structure of the AIM Altitude Limited group.

1 Summary of significant accounting policies

General Information

AIM Composites Limited is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 1 Viscount Road, Aviation Business Park, Bournemouth International Airport, Christchurch, England, BH23 6BU.

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, as well as composite-related test, repair and distribution services.

Statement of compliance

The financial statements of AIM Composites Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of Accounting

The Company has adopted FRS 102 in these financial statements. 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.

Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions under FRS 102:

- (i) from preparing a statement of cash flow, on the basis that it is a qualifying entity, and its ultimate parent company, AIM Altitude Limited, includes the Company's cash flows in its own consolidated financial statements (FRS102 paragraph 3.17(d) and section 7);
- (ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7; and
- (iii) certain financial instrument disclosures (FRS 102 paragraph 11.39 to 11.48, 12.26 to 12.29).

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, the company retains no continuing involvement or control over the goods, the amount of revenues can be measured reliably, and it is probable that the future economic benefits will flow to the entity. Turnover for services is recognised as the services are rendered. Turnover excludes value added tax and other sales taxes.

1 Summary of significant accounting policies (continued)

Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

Tangible Assets and Depreciation

Tangible Assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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 and machinery	Between 4 and 13 years
Furniture and fittings	Between 4 and 13 years
Computer Equipment	4 years

Inventories

Inventories 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.

Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash on hand and deposited with banks with maturity of less than or equal to 3 months.

Leasing

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

Research and Development

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

Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1 Summary of significant accounting policies (continued)

Foreign Currency Translation

Transactions denominated in foreign currencies are translated into sterling and recorded at a monthly average rate. 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 resulting from the settlement of transactions and from the translation of period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Impairment of Non Financial 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 profit or loss.

Financial Instruments

Basic financial assets, including trade and other receivables, cash and bank balances and loan notes, are initially recognised at transaction price and subsequently at amortised cost. At the end of each accounting period these assets are assessed for objective evidence of impairment, and loss arising being recognised in the profit or loss. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price and subsequently at amortised cost. Financial liabilities are derecognised when the liability is extinguished; that is when the contractual obligation is discharged, cancelled or expires.

Critical accounting judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgement and estimates have been made include:

(i) Valuation of work in progress in Inventory

Management review regularly the expected recoverability of the balance of work in progress held in inventory based on their best estimate of the costs to complete a project, and any impairment is made in the period in which it is identified.

Notes to the financial statements (continued)*for the year ended 31 December 2016***1 Summary of significant accounting policies (continued)****Critical accounting judgements and estimates (continued)****ii) Provisions**

Provision is made for obsolete and slow-moving inventory, based on the management's best estimate of the likely recovery value of the inventory through future sale.

Provision is made for doubtful debt where the directors believe that there is a material risk that a debt may not be recovered.

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:

	Year ended 31 Dec 16 £'000	8 month period ended 31 Dec 15 £'000
United Kingdom	15,493	9,014
Rest of Europe	443	280
USA	143	56
Africa	1	41
Asia	87	23
Middle East	7	15
Other	161	229
Total	16,335	9,658

3 Operating Profit

Operating profit is stated after charging/(crediting):

	Year ended 31 Dec 16 £'000	8 month period ended 31 Dec 15 £'000
Loss/(Profit) on disposal of tangible fixed assets	(1)	-
Staff Costs	5,157	3,864
Depreciation	225	124
Amortisation	80	39
Operating lease charges	316	214
Release of impairment provision of trade receivables	(4)	(2)
Impairment of inventory	105	80
Audit fees payable to the company's auditors	14	10

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditors for 'Other services' as this information is included in the consolidated financial statements of AIM Altitude Limited.

4 Employees and directors

The average monthly number of full time equivalent employees (including executive directors) by activity employed during the year/period was as follows:

	Year ended 31 Dec 16 Number	8 month period ended 31 Dec 15 Number
Management, administration and sales	32	32
Production	113	125
Total	145	157

		Year ended 31 Dec 16 £'000	8 month period ended 31 Dec 15 £'000
The aggregate payroll costs were as follows:-	Note		
Wages and salaries		4,560	3,470
Social security costs		453	293
Other pension costs	14	144	101
Total		5,157	3,864

		Year ended 31 Dec 16 £'000	8 month period ended 31 Dec 15 £'000
The directors' emoluments were as follows:			
Aggregate emoluments as executives		59	42
Pension contributions		2	1
Total		61	43

There were benefits accruing to one (31 Dec 2015: one) director under a money purchase scheme at the year/period end.

In addition to the above emoluments, two (period to 31 Dec 2015: two) of the company's directors were remunerated by fellow group undertakings. No part of their remuneration could be attributed to their services in respect of the company.

5 Tax on profit on ordinary activities**(a) Tax credit included in profit or loss**

		Year ended 31 Dec 16 £'000	8 month period ended 31 Dec 15 £'000
	Note		
Current tax			
- UK Corporation tax on profit for the financial year/period		-	-
- Adjustments in respect of prior periods		-	-
Total current tax		-	-
Deferred tax			
- Adjustments in respect of prior periods		(15)	(87)
- Impact of changes in tax rate		-	7
- Origination and reversal of timing differences		(58)	47
Total deferred tax	11	(73)	(33)
Tax on profit on ordinary activities		(73)	(33)

(b) Reconciliation of tax charge

The tax rate for the year is lower (period ended 31 Dec 2015: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 Dec 2016 of 20% (period ended 30 Dec 2015: 20%). The differences are explained below:

	Year ended 31 Dec 16 £'000	8 month period ended 31 Dec 15 £'000
Profit on ordinary activities before taxation	18	240
Applying standard rate of UK corporation tax of 20% (period ended 31 Dec 2015: 20%).	4	48
Effects of:		
- Expenses not deductible for tax purposes	8	-
- Fixed assets and other timing differences	3	-
- Group relief claimed for nil consideration	(73)	(1)
- Impact of changes in tax rate	-	7
- Adjustments in respect of prior periods	(15)	(87)
Tax credit for the year/period	(73)	(33)

(c) Tax rate changes

Reductions to the UK corporation tax rates were enacted in the Finance Act 2015 and 2016. These reduce the corporation tax main rate to 19% for the years starting 1 April 2017, 1 April 2018 and 1 April 2019, and to 17% from 1 Apr 2020. The deferred tax assets and liabilities reflect the 17% rate as this is the rate for the period in which the directors expect the deferred taxes will be utilised.

AIM Composites Limited
Notes to the financial statements (continued)
for the year ended 31 December 2016

6 Intangible assets

	Computer software £'000
At 1 Jan 2016	
Cost	318
Accumulated amortisation	(159)
Net book amount	159
Year ended 31 Dec 2016	
Opening net book amount	159
Additions	61
Amortisation	(80)
Closing net book amount	140
At 31 Dec 2016	
Cost	379
Accumulated amortisation	(239)
Net book amount	140

There are no individually material intangible software assets.

7 Tangible assets

	Assets under construction £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Total £'000
At 1 Jan 2016					
Cost	359	3,376	77	113	3,925
Accumulated depreciation	-	(1,765)	(30)	(108)	(1,903)
Net book amount	359	1,611	47	5	2,022
Year ended 31 Dec 2016					
Opening net book amount	359	1,611	47	5	2,022
Additions	-	71	15	23	109
Transfers	(359)	359	-	-	-
Depreciation	-	(212)	(7)	(6)	(225)
Disposals (cost)	-	(14)	(13)	-	(27)
Disposals (depreciation)	-	14	13	-	27
Closing net book amount	-	1,829	55	22	1,906
At 31 Dec 2016					
Cost	-	3,792	79	136	4,007
Accumulated depreciation	-	(1,963)	(24)	(114)	(2,101)
Net book amount	-	1,829	55	22	1,906

8 Inventories

	31 Dec 2016	31 Dec 2015
	£'000	£'000
Raw materials and consumables	1,645	1,210
Work in progress	2,027	1,377
Finished goods and goods for resale	478	210
Total	4,150	2,797

The directors believe that the carrying values of the inventories are not materially different from their replacement cost.

Inventories are stated after provisions for impairment of £139k (31 Dec 2015: £117k).

9 Debtors

	31 Dec 2016	31 Dec 2015
	£'000	£'000
Trade debtors	2,402	1,251
Amounts owed by group undertakings	1,006	916
Prepayments and accrued income	129	147
Total	3,537	2,314

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £17k (31 Dec 2015: £22k).

10 Creditors - amounts falling due within one year

	31 Dec 2016	31 Dec 2015
	£'000	£'000
Trade creditors	1,641	1,215
Amounts owed to group undertakings	1,576	5,297
Taxation and social security	104	102
Other creditors	68	126
Accruals and deferred income	165	56
Total	3,554	6,796

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Provisions for other liabilities

	Dilapidations £'000	Deferred tax £'000	Total £'000
At 1 Jan 2016	65	125	190
Additions dealt with in profit or loss	-	(73)	(73)
At 31 Dec 2016	65	52	117

A directors' interim assessment of dilapidation liability was carried out in December 2016 and as a consequence of this the provision of £65k was not changed.

The provision for deferred tax is in relation to accelerated capital allowances.

The dilapidations provision is expected to be utilised only when the Company vacates its premises in Waterbeach, Cambridgeshire; the deferred tax provision is expected to be utilised from 2017 onwards.

12 Called up share capital

Allotted and fully paid	31 Dec 2016 £'000	31 Dec 2015 £'000
5,523,722 (31 Dec 2015: 2,000) Ordinary Shares of £1 (31 Dec 2015: £1) each.	5,524	2
4,000 (31 Dec 2015: 4,000) 6% redeemable participating Preference Shares of £1 (31 Dec 2015: £1) each.	4	4
	5,528	6

On 30 November 2016 5,521,722 Ordinary shares were issued for £5,521,722 in settlement of intercompany balances; there were no expenses on issue of these shares.

13 Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases at the year end/period end:

	31 Dec 16 £'000	31 Dec 15 £'000
Not later than one year	25	27
Later than one year and not later than five years	-	25
Later than five years	-	-
Total	25	52

14 Post-employment benefits

The company operates a defined contribution scheme available to all permanent employees. The cost of contributions to the scheme in the year amounts to £144k (period to 31 Dec 2015: £101k).

At the year end £19k contributions were accrued in the financial statements (31 Dec 2015: £21k).

15 Contingent liabilities

The company has given a guarantee in respect of the bank borrowings of AIM Altitude Limited, a fellow group undertaking.

The fixed and floating charges over all assets of the company disclosed in the prior period were released during the year.

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

16 Dividends

The ultimate UK parent undertaking has waived its entitlement to a preference share dividend for the year to 31 December 2016 and the period to 31 December 2015.

No dividend was approved for payment to the parent AIM Altitude Limited for the year ended 31 December 2016 (period ended 31 December 2015: nil).

17 Related party disclosures

The Company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

These companies are as follows:

Company name	UK Registered number
AIM Altitude Limited	9804626
AIM Aviation Holdings Limited	8662775
AIM Holdings Midco Limited	8662779
AIM Holdings Cleanco Limited	8665571
AIM Aviation Finance Limited	8665182
AIM Aviation Limited	7275471
AIM Newco (No 2) Limited	7278502
AIM Aviation (Jecco) Limited	1004276
AIM Aviation (Henshalls) Limited	362026
AIM Midco Limited	8322719
Altitude Aerospace Interiors Limited	(New Zealand)

All companies' registered address is 1 Viscount Road, Aviation Business Park, Christchurch, BH23 6BU, UK, with the exception of Altitude Aerospace Interiors Limited which is registered at Isitt House, 1 Leonard Isitt Drive, Mangere, Auckland, New Zealand.

18 Controlling Parties

The immediate parent undertaking is AIM Altitude Limited.

The immediate and ultimate UK parent undertaking and controlling party at 31 December 2016 is AIM Altitude Limited, which is the parent undertaking of the smallest group to consolidate these financial statements. Copies of the AIM Altitude Limited consolidated financial statements can be obtained from the Company at 1 Viscount Road, Aviation Business Park, Christchurch, BH23 6BU, UK.

The ultimate parent undertaking and ultimate controlling party at 31 December 2016 is the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, which is the largest group to consolidate these financial statements.