

AIM Composites Limited

Registered No. 00348981

Annual report and financial statements
for the year ended 31 December 2019

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AIM Composites Limited
Annual report and financial statements
for the year ended 31 December 2019

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Strategic Report

The Directors present their Strategic Report on the Company for the year ended 31 December 2019.

Results

The turnover and (loss)/profit for the financial year were as follows:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Turnover	-	15,875
(Loss)/profit before taxation	(25)	161
Tax on (loss)/profit	-	121
(Loss)/profit for the financial year	(25)	282

Business review and key performance indicators

The principal activity of the Company was 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. On 9 November 2018, the Company successfully disposed of the trade and assets of the business to AIM Altitude UK Limited, a fellow Group company. The Company ceased trading on this date.

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 4 and 6 of the AIM Altitude Limited financial statements which do not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties were integrated with the principal risks of the Group and were not managed separately. Accordingly, the principal risks and uncertainties of the Company, which include commercial relationships, air travel, material cost risk, sales price risk, manufacturing capacity, information technology, cyber risk, product development, environmental and the UK's exit from the EU are discussed on page 5 of AIM Altitude Limited's financial statements which do not form part of this report.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Impact of the Covid-19 pandemic:

The impact of the Covid-19 pandemic has been far reaching, impacting the Group's customers, employees and supply chain. The Group has engaged with all relevant stakeholders as the pandemic has progressed. It is likely that deliveries of commercial aircraft will be significantly lower in 2020, and it is expected to take 3-5 years to recover. Activities to address the Group's cost base are in progress to ensure the business remains competitive. The coronavirus could result in the Group failing to obtain appropriate funding. If this were to happen, the Group could be forced to make reductions in spending, seek to extend payment terms with suppliers and/or suspend current programmes which would have a significant impact on the Company.

Companies Act 2006, Section 172(1)

The directors of AIM Composites Limited must act in accordance with a set of general duties. These include a duty under Section 172 of the Companies Act to promote the success of the Company.

The Board oversees a structured approach to the development of the Company's strategy, looking at commercial considerations and the development of current and possible future markets.

The Company is committed to creating a culture where all our employees can give their best.

The Company looks to work with customers and suppliers that embrace standards of ethical behaviour. Senior leaders are responsible for managing important relationships and responding to their requirements.

We proactively consider, manage and review the impact we have on our local communities.

Responsible business conduct is fundamental to the long-term success of the Company. We do not compromise on the way we conduct business and consistency of this approach is key to maintaining the Company's reputation.

Position of the company at the year end

The Company has net assets at 31 December 2019 of £8,218k (31 December 2018: £8,243k).

On behalf of the board



Mark Stoddart

Director

23 December 2020

Directors' Report

The Directors present their report and audited Financial Statements of the Company for the year ended 31 December 2019.

Future developments

The Company no longer trades and is not expected to in the foreseeable future.

Dividends

The Directors do not propose a dividend payment for the year (year ended 31 December 2018: £nil).

No interim dividend was paid in the year (year ended 31 December 2018: £nil).

Research and development

Since the transfer of the trade and assets of the business to AIM Altitude UK Limited in 2018, the Company no longer invests in research and development activity.

Directors

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

M Stoddart

A Brown (Resigned 30 April 2020)

R Bower (Resigned 30 April 2020)

L Fan (Appointed 1 May 2020)

J Dai (Appointed 1 May 2020)

R Bower and M Stoddart were 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.

Financial risks

The Company is a wholly owned subsidiary of AIM Altitude Limited which managed its financial risks centrally during 2019. The most important components of financial risk impacting the Company were currency risk, liquidity risk, credit risk and price risk which are discussed on pages 7 and 8 of the AIM Altitude Limited's financial statements which does not form part of this report.

Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

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

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, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

Directors' confirmations

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

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

Directors' Report (continued)

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate. Further information is included in the Notes to the financial statements (page 13).

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will not continue in office. New auditors will be appointed to replace PricewaterhouseCoopers LLP for the year ending 31 December 2020.

On behalf of the board



Mark Stoddart

Director

23 December 2020

Independent auditors' report to the members of AIM Composites Limited

Report on the audit of the financial statements

Opinion

In our opinion, AIM Composites Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Profit and loss account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The impact of COVID-19 has affected the entity's customers, employees and suppliers due to the overall impact on the aerospace industry. Revenue, profitability and cash flow has been significantly lower than pre COVID-19 levels. Management have prepared a forecast model to assess the most likely impact on the Group's revenue, profit and cash flow, for which base case and downside risk model scenarios indicate that further shareholder support is required for all within the AIM Altitude Limited Group. The shareholder is currently in talks with potential lenders and its Ultimate parent (Aviation Industry Corporation of China, Limited). At the date these financial statements were approved the funding was not in place. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jo Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
23 December 2020

Profit and loss account for the year ended 31 December 2019

		Year ended 31 Dec 2019 Discontinued operations £'000	Year ended 31 Dec 2018 Discontinued operations £'000
	Note		
Turnover	2	-	15,875
Cost of sales		-	(14,338)
Gross (loss)/profit		-	1,537
Distribution costs		-	(284)
Administrative expenses		(25)	(1,092)
Operating (loss)/profit	3	(25)	161
(Loss)/profit before taxation		(25)	161
Tax on (loss)/profit	5	-	121
(Loss)/profit for the financial year		(25)	282

All activities reflected above relate to discontinued operations following the transfer of the trade and assets of the business to AIM Altitude UK Limited, a fellow Group company, in 2018.

The year ended 31 December 2018 contains 10 months of trading up to 9 November 2018, when the trade and assets were sold to AIM Altitude UK Limited.

Balance Sheet as at 31 December 2019

	Note	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Current assets			
Debtors	6	8,814	8,899
Cash at bank and in hand		28	137
		8,842	9,036
Creditors: Amounts falling due within one year	7	(624)	(793)
Net current assets		8,218	8,243
Total assets less current liabilities		8,218	8,243
Net assets		8,218	8,243
Capital and reserves			
Called up share capital	8	5,528	5,528
Retained earnings		2,690	2,715
Total equity		8,218	8,243

Registered in England No. 00348981

The financial statements on pages 10 to 24 were approved by the Board of Directors on **23** December 2020 and signed on its behalf by:



M Stoddart

Director

Statement of Changes in Equity for the year ended 31 December 2019

	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	5,528	2,433	7,961
Profit for the financial year	-	282	282
Total comprehensive income for the year	-	282	282
Balance at 31 December 2018	5,528	2,715	8,243
Balance at 1 January 2019	5,528	2,715	8,243
Loss for the financial year	-	(25)	(25)
Total comprehensive expense for the year	-	(25)	(25)
Balance at 31 December 2019	5,528	2,690	8,218

Notes to the financial statements for the year ended 31 December 2019

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, Hurn, Christchurch, England, BH23 6BU.

The Company no longer trades. The trade and assets were sold to AIM Altitude UK Limited on 9 November 2018.

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

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 UK parent company, AIM Altitude Limited, includes the Company's cash flows in its own consolidated financial statements (FRS 102 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).

Going Concern

The directors have formed a judgement, at the time of approving these financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing these financial statements.

In making an assessment as to whether the going concern principle should be adopted, the directors have considered the period starting with the date these financial statements were approved by the Board and ending on 31 December 2021.

Notes to the financial statements for the year ended 31 December 2019

1 Summary of significant accounting policies (continued)

Going Concern (continued)

The impact of COVID-19, which started to have an impact on the Group's operations in March 2020, has affected the Group's employees, customers and suppliers. Group revenue, profitability and cash flow has been significantly lower than pre COVID-19 levels. The Group does not have any credit facilities and has been supported by its shareholder through this period which has provided loans of £10m to provide additional liquidity.

A forecast model has been prepared to assess the most likely impact on the Group's revenue, profit and cash flow out to 2024, taking into account cost saving and other efficiency measures implemented or planned. The output from this model covering the period to 31 December 2021 has been used to assess whether the going concern principle should continue to be adopted. The model has been subject to stress testing to understand plausible downside scenarios.

The base case and downside risk models indicate that further shareholder support is required. This information has been shared with the Group's shareholder which has indicated that further financial support for the base case or downside scenario would be provided and that existing loans would not need to be repaid within 12 months of the date these financial statements were approved. The Group's shareholder needs to obtain funding to provide this support and is currently in talks with potential lenders and its parent (Aviation Industry Corporation of China, Limited). At the date these financial statements were approved the funding was not in place.

This Company, along with a number of other subsidiaries owned by AIM Altitude Limited, constitute the Group, and hence the impact of COVID-19 and the requirement for further shareholder support is applicable to this Company.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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.

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Summary of significant accounting policies (continued)

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.

Lease Costs

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases and sub-leases are charged to the income statement on a straight-line basis over the period of the lease.

Research and Development

Research and development expenditure not meeting the conditions for capitalisation is written off in the profit and loss account in the period in which it is incurred.

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 year 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.

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.

Notes to the financial statements for the year ended 31 December 2019

(continued)

Financial Instruments

Basic financial assets, including debtors, and cash at bank and in hand, 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 creditors, 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

Following the sale of the trade and assets to AIM Altitude UK Limited the Company ceased to trade, so management do not consider there to be any critical accounting judgements and estimates.

Notes to the financial statements for the year ended 31 December 2019 (continued)

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 2019 £'000	Year ended 31 Dec 18 £'000
United Kingdom	-	14,049
Rest of Europe	-	489
USA	-	908
New Zealand	-	36
Asia	-	77
Other	-	316
Total	-	15,875

The year ended 31 December 2018 contains 10 months of trading up to 9 November 2018, when the trade and assets were sold to AIM Altitude UK Limited.

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 18 £'000
Staff costs	-	4,436
Depreciation	-	226
Amortisation	-	36
Operating lease charges	-	263
Impairment of trade receivables	-	4
Foreign exchange losses/(gains) on trade receivables and payables	1	(6)

The year ended 31 December 2018 contains 10 months of trading up to 9 November 2018, when the trade and assets were sold to AIM Altitude UK Limited.

Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Operating (loss)/profit (continued)

The Company's audit fees of £8k (2018 £27k) were borne by a fellow Group subsidiary undertaking.

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

4 Employee and Directors

The monthly average number of full time equivalent employees (including Executive Directors) by activity employed during the year was as follows:

	Year ended 31 Dec 19 Number	Year ended 31 Dec 18 Number
Management, administration and sales	-	26
Production	-	100
Total	-	126

The aggregate payroll costs were as follows:		Year ended 31 Dec 19 £'000	Year ended 31 Dec 18 £'000
	Note		
Wages and salaries		-	3,898
Social security costs		-	411
Other pension costs	10	-	127
Total		-	4,436

The Directors' emoluments were as follows:		Year ended 31 Dec 19 £'000	Year ended 31 Dec 18 £'000
Aggregate emoluments as executives		-	63
Pension contributions		-	2
Total		-	65

The year ended 31 December 2018 contains 10 months of trading up to 9 November 2018, when the trade and assets were sold to AIM Altitude UK Limited.

There were no benefits accruing to the Directors (31 Dec 2018: nil) under a money purchase scheme at the year end.

Notes to the financial statements for the year ended 31 December 2019
(continued)

4 Employee and Directors (continued)

In addition to the above emoluments, three (year ended 31 December 2018; two) of the Company's Directors were remunerated by fellow group undertakings. It is not possible to make a meaningful allocation of their remuneration between companies within the AIM Altitude Limited Group and accordingly no amounts of remuneration are disclosed in this Company. The emoluments of directors are disclosed in full in the financial statements of AIM Altitude Limited.

5 Tax on (loss)/profit

(a) Tax credit included in profit or loss

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 18 £'000
Current tax		
- UK Corporation tax on (loss)/profit for the financial year	-	-
- Adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred tax		
- Origination and reversal of timing differences	-	(201)
- Adjustments in respect of prior periods	-	80
Total deferred tax	-	(121)
Tax on (loss)/profit	-	(121)

Notes to the financial statements for the year ended 31 December 2019
(continued)

5 Taxation (continued)

(b) Reconciliation of tax credit

The following table reconciles the theoretical income tax (credit)/charge to the reported tax credit:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 18 £'000
(Loss)/profit before taxation	(25)	161
Applying standard rate of UK corporation tax of 19% (year ended 31 December 2018: 19 %)	(5)	31
Effects of:		
- Expenses not deductible for tax purposes	-	-
- Income not taxable	-	(4)
- Fixed assets differences	-	(33)
- Group relief surrendered/(claimed) for nil consideration	5	(195)
- Adjustments in respect of prior periods	-	80
Tax on (loss)/profit	-	(121)

The year ended 31 December 2018 contains 10 months of trading up to 9 November 2018, when the trade and assets were sold to AIM Altitude UK Limited.

(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 2018 and 1 April 2019, and to 17% from 1 April 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.

Notes to the financial statements for the year ended 31 December 2019
(continued)

6 Debtors

	31 Dec 2019 £'000	31 Dec 2018 £'000
Amounts owed by group undertakings	8,814	8,899
Total	8,814	8,899

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Trade debtors are stated after provisions for impairment of £nil (31 December 2018: £nil).

7 Creditors: Amounts falling due within one year

	31 Dec 2019 £'000	31 Dec 2018 £'000
Amounts owed to group undertakings	624	793
Total	624	793

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

Deferred tax reconciliation

	At 1 January 2019 £'000	Recognised in <i>Income</i> £'000	At 31 December 2019 £'000
Tangible assets	-	-	-
Total	-	-	-

	At 1 January 2018 £'000	Recognised in <i>income</i> £'000	At 31 December 2018 £'000
Tangible assets	121	(121)	-
Total	121	(121)	-

Notes to the financial statements for the year ended 31 December 2019
(continued)

8 Called up share capital

Allotted and fully paid	31 Dec 2019 £'000	31 Dec 2018 £'000
5,523,772 (31 Dec 2018: 5,523,722) A Ordinary Shares of £1 (31 Dec 2018: £1) each	5,524	5,524
4,000 (31 Dec 2018: 4,000) 6% redeemable participating Preference Shares of £1 (31 Dec 2018: £1) each	4	4
	5,528	5,528

The redeemable preference shares are non-voting shares and entitle the holder to a fixed cumulative preferential dividend at the rate of 6% per annum on any capital in priority to other classes of shares.

9 Capital and other commitments

	31 Dec 2019 £'000	31 Dec 2018 £'000
Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	-	-

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

	31 Dec 2019 £'000	31 Dec 2018 £'000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	-

Notes to the financial statements for the year ended 31 December 2019

(continued)

10 Post-employment benefits

The Company operated a defined contribution scheme which was available to all permanent employees before the transfer of trade and assets to AIM Altitude UK Limited. The cost of contributions to the scheme in the year amounts to £nil (year to 31 Dec 2018: £127k).

At the year end, no contributions were accrued in the financial statements (31 Dec 2018: £nil).

11 Dividends

No final dividend was approved in the year (year ended 31 December 2018: £nil).

No interim dividend was paid in the year (year ended 31 December 2018: £nil).

12 Related party transactions

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

Unless otherwise stated, the registered address is 1 Viscount Road, Aviation Business Park, Bournemouth International Airport, Hurn, Christchurch, England, BH23 6BU.

These companies are as follows:

Company name	UK Registered number
AIM Aviation Finance Limited ^{3,4}	08665182
AIM Aviation Holdings Limited	08662775
AIM Aviation Limited	07275471
AIM Altitude UK Limited	01004276
AIM Aviation (Henshalls) Limited	00362026
Altitude Aerospace Interiors Limited ¹	(New Zealand)
AIM Aviation Inc ²	(USA)

1. Registered address is Isitt House, 1 Leonard Isitt Drive, Mangere, Auckland, New Zealand.

2. Incorporated in Delaware, USA.

3. Company is in liquidation.

4. Registered address is 1 More London Place, London, SE1 2AF, UK.

Notes to the financial statements for the year ended 31 December 2019
(continued)

13 Controlling Parties

The immediate parent undertaking and controlling party at 31 December 2019 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, Bournemouth International Airport, Hurn, Christchurch, England, BH23 6BU.

The ultimate parent undertaking and ultimate controlling party at 31 December 2019 is Aviation Industry Corporation of China, Limited. This is the largest group to consolidate these financial statements.

14 Post balance sheet events

The Company is treating the Covid-19 pandemic as a non-adjusting post balance sheet event. The impact of the Covid-19 pandemic has been far reaching, impacting the Group's customers, employees and supply chain. The Group has engaged with all relevant stakeholders as the pandemic has progressed. It is likely that deliveries of commercial aircraft will be significantly lower in 2020, and it is expected to take 3-5 years to recover. Activities to address the cost base are in progress to ensure the business remains competitive.