

**Aerospace Surface Treatments Limited**  
(Registered number 3217538)

**Directors' Report  
and financial statements**

**31 March 2013**

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# Aerospace Surface Treatments Limited

## Directors' report and financial statements

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# Aerospace Surface Treatments Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2013

### Business review

The principal activity of the company has been that of repair and overhaul of aircraft components and precision engineering. The results for the year are set out on page 4 of the financial statements. Turnover for the year was less at £1,498,189 with an operating profit of £97,145. In the opinion of the directors the uncomplicated nature of the company's business does not warrant an analysis of KPIs to fully understand the company's development, performance or position.

### Principal risks and uncertainties

The company seeks to broaden its customer base and capabilities to limit its exposure to changes in demand. The principal challenge is to remain competitive in an increasingly global marketplace with unprecedented rises in raw material and utility costs. The prime objective is to focus on product quality and customer service to optimise opportunities and to achieve appropriate commercial returns from all future business. There is no significant exposure to currency exchange or interest rate fluctuations.

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Fixed assets

The movements in fixed assets are disclosed in note 8 to the financial statements.

### Directors

The directors who held office during the year were as follows:

R A Stephens

P A Stephens

### Directors confirmation

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### Tax status

The company qualifies as a close company as defined by the Income and Corporation Taxes Act 1988.

### Auditors

Rickard Keen LLP has indicated its willingness to continue in office.

By order of the board



L V Ellis  
Secretary

Inflite House  
Stansted Airport  
Stansted  
Essex  
CM24 1RY

# Aerospace Surface Treatments Limited

## 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Aerospace Surface Treatments Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEROSPECE SURFACE TREATMENTS LIMITED

We have audited the financial statements of Aerospace Surface Treatments Limited for the year ended 31 March 2013, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Recognised Gains and Losses 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 (APB's) Ethical Standards for Auditors.

### 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 Directors' 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.

### 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.


### Opinion on other matter prescribed by the Companies Act 2006

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

### 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 31 March 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.

  
Neil Brewer FCA  
Senior Statutory Auditor  
for and on behalf of  
Rickard Keen LLP, Statutory Auditor  
9 Nelson Street  
Southend on Sea  
Essex, SS1 1EH



# Aerospace Surface Treatments Limited

## Profit and loss account for the year ended 31 March 2013

	Note	2013 £	2012 £
<b>Turnover</b>	2	<b>1,498,189</b>	<b>1,810,430</b>
Cost of sales		<b>(832,581)</b>	<b>(885,506)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>665,608</b>	<b>924,924</b>
Administrative expenses		<b>(568,463)</b>	<b>(619,779)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>97,145</b>	<b>305,145</b>
Interest receivable and similar income	5	-	275
Interest payable and similar charges	6	<b>(379)</b>	<b>(5,933)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>96,766</b>	<b>299,487</b>
Taxation on profit on ordinary activities	7	<b>(21,307)</b>	<b>(75,328)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>	15	<b>75,459</b>	<b>224,159</b>
		<hr/>	<hr/>

## Statement of recognised gains and losses for the year ended 31 March 2013

There were no recognised gains or losses other than those included in the profit and loss account for the year.

The notes on pages 6 to 12 form part of these financial statements.

# Aerospace Surface Treatments Limited

Balance sheet  
At 31 March 2013

(Registered No 3217538)

	Note	2013 £	2013 £	2012 £	2012 £
<b>ASSETS</b>					
<b>Fixed assets</b>					
Tangible assets	8		31,738		14,353
<b>Current assets</b>					
Stocks and work in progress	9	176,649		203,788	
Debtors	10	598,861		247,121	
Cash at bank and in hand		272,188		623,044	
			1,047,698		1,073,953
			1,079,436		1,088,306
<b>LIABILITIES</b>					
<b>Capital and reserves</b>					
Called up share capital	14		100		100
Profit and loss account	15		843,635		768,176
Equity shareholders' deficit	16		843,735		768,276
Provision for liabilities and charges			-		-
<b>Creditors: amounts falling due within one year</b>	11		235,701		320,030
			1,079,436		1,088,306

The financial statements on pages 4 to 12 were approved by the Board of directors and authorised for issue on 20 DECEMBER 2013 and were signed on its behalf by

R A Stephens  
Director

The notes on pages 6 to 12 form part of these financial statements

# Aerospace Surface Treatments Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. On the grounds that it is a wholly-owned subsidiary undertaking, the company is exempt under Financial Reporting Standard No 1 from the requirement to prepare a cash flow statement and under Financial Reporting Standard No 8 from the requirement to disclose details of transactions with other group companies

#### ***Depreciation***

Depreciation is calculated on cost at the following annual rates, which are expected to write off the cost within the useful life of the assets

Motor vehicles	- 25%
Plant & machinery	- 5% - 10%
Fixtures and fittings, tools and equipment	- 20% - 33%

#### ***Stocks and work in progress***

Stock is valued at the lower of cost and net realisable value. Work in progress is valued at cost of materials plus direct labour and attributable overheads, less provisions for foreseeable losses

#### ***Deferred taxation***

Deferred tax is recognised on all timing differences where the transactions or events that give the company 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 using rates of tax that have been enacted or substantively enacted by the balance sheet date and on a non-discounted basis

#### ***Hire purchase and finance leases***

When assets are acquired under hire purchase agreements, which give rights approximating to ownership, the amount representing the outright purchase price of such assets is included in tangible fixed assets. The capital element of future payments is treated as a liability and the interest element is charged to the profit and loss account as it accrues. Operating lease rentals are charged to the profit and loss account as incurred

#### ***Foreign exchange***

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities held at the year end are translated at year end exchange rates or the exchange rate of a related forward exchange contract where appropriate. The resulting exchange gain or loss is dealt with in the profit and loss account



# Aerospace Surface Treatments Limited

## Notes (continued)

### Accounting policies (continued)

#### Pension costs

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. Pension costs are charged to the profit and loss account as they are incurred.

## 2 Turnover

Turnover represents amounts invoiced for goods and services supplied excluding value added tax. The company's activities relate to the aerospace industry, which by its nature is international. A geographical analysis of turnover is considered inappropriate.

## 3 Operating Profit

	2013 £	2012 £
Operating profit is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	8,729	8,258
Land and buildings - operating leases	120,000	120,000

The auditors' remuneration and expenses are borne by the group management company, which paid £2,000 (2012 £2,000) on behalf of the company. The company has taken advantage of the exemption not to disclose details of non-audit remuneration on the basis that this information is included within the consolidated financial statements of Swan Investments Group Limited.

## 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows

	2013	2012
Administration	-	-
Other	-	-

The aggregate payroll costs of these persons were as follows

	2013 £	2012 £
Wages and salaries	-	-
Social security costs	-	-
Other pension costs (see note 12)	-	-

# Aerospace Surface Treatments Limited

## Notes (continued)

### 5 Interest receivable and similar income

	2013	2012
	£	£
Bank interest received	-	-
Other interest	-	(275)
	<u>-</u>	<u>(275)</u>

### 6 Interest payable and similar charges

	2013	2012
	£	£
On bank loans, overdrafts and other loans	299	5,933
On other balances	80	-
	<u>379</u>	<u>5,933</u>

### 7 Taxation on profit on ordinary activities

	2013	2012
	£	£
<b>Current taxation</b>		
Corporation tax at an effective rate of 24% (2012 26%)	24,194	78,798
Prior Year Adjustment	(2,001)	(2,625)
Deferred tax (see note 13)	(886)	(845)
	<u>21,307</u>	<u>75,328</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 24% (2012 26%) due to the effect of items explained below

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>96,766</u>	<u>299,487</u>
Tax thereon at the standard rate of corporation tax	23,224	77,867
Expenses not deductible for tax purposes	-	-
Capital allowances for the year in excess of depreciation	970	931
	<u>24,194</u>	<u>78,798</u>

# Aerospace Surface Treatments Limited

Notes (continued)

## 8 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
<i>Cost or valuation</i>				
At 1 April 2012	945	51,437	-	52,382
Additions	-	26,114	-	26,114
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	945	77,551	-	78,496
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2012	880	37,149	-	38,029
Charged in year	65	8,664	-	8,729
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	945	45,813	-	46,758
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2013	-	31,738	-	31,738
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	65	14,288	-	14,353
	<hr/>	<hr/>	<hr/>	<hr/>

## 9 Stocks and work in progress

	2013 £	2012 £
Raw materials and consumables	58,054	49,806
Work in progress	118,595	153,982
	<hr/>	<hr/>
	176,649	203,788
	<hr/>	<hr/>

# Aerospace Surface Treatments Limited

Notes (continued)

## 10 Debtors

	2013 £	2012 £
Trade debtors	566,895	223,390
Amounts owed by group undertakings	12,692	7,802
Prepayments and accrued income	8,149	6,636
Other debtors	11,125	4,293
	<u>598,861</u>	<u>247,121</u>

All amounts shown under debtors fall due for payment within one year

## 11 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	121,115	34,660
Amounts owed to group undertakings	42,583	170,108
Other creditors including taxation and social security	29,261	94,177
Accruals and deferred income	42,742	21,085
	<u>235,701</u>	<u>320,030</u>

Other taxation and social security comprises

	2013 £	2012 £
Social security	-	-
Corporation Tax	-	86,735
Other taxes (VAT)	29,261	7,442
	<u>29,261</u>	<u>94,177</u>

# Aerospace Surface Treatments Limited

## Notes (continued)

### 12 Pensions

The pension charge for the year was £Nil (2012 £Nil) At the year end contributions outstanding totalled £Nil (2012 £Nil)

### 13 Provision for liabilities and charges

The full potential asset at 23% (2012 24%) and amount provided for deferred taxation is as follows

	Full potential liability/(asset) 2013 £	Amount credited 2013 £	Full potential liability/(asset) 2012 £	Amount credited 2012 £
Accelerated capital allowances	(1,929)	(1,929)	(1,043)	(1,043)
<b>At 31 March</b>	<b>(1,929)</b>	<b>(1,929)</b>	<b>(1,043)</b>	<b>(1,043)</b>

The deferred tax asset of £1,929 (2012 £1,043) is included in Other Debtors

### 14 Share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100

### 15 Profit and loss account

	£
At 1 April 2012	768,176
Retained profit for the year	75,459
<b>At 31 March 2013</b>	<b>843,635</b>

# Aerospace Surface Treatments Limited

Notes *(continued)*

## 16 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	75,459	224,159
Shareholders funds at the beginning of the year	768,276	544,117
	<hr/>	<hr/>
Shareholders funds at the end of the year	843,735	768,276
	<hr/>	<hr/>

## 17 Commitments

Annual commitments under operating leases for land and buildings comprise £120,000 (2012 £120,000) for leases expiring after more than five years

## 18 Contingent liabilities

The company has guaranteed the overdrafts of certain of its fellow subsidiary undertakings, the amount outstanding at the year end was £4,390,906 (2012 £3,755,145)

## 19 Ultimate parent company and controlling related party

The ultimate parent company is Swan Investments Group Limited, a company incorporated in Great Britain and registered in England and Wales, the consolidated financial statements for which include the results of the company, are available to the public and may be obtained from Companies House

The ultimate controlling related parties are Mr R A Stephens and Mrs P A Stephens by virtue of their holding in the shares of the parent undertaking