

# **Aerospace Surface Treatments Limited**

(Registered number 3217538)

## **Annual Report and financial statements**

**31 March 2016**

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# Aerospace Surface Treatments Limited

## Annual report and financial statements

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# Aerospace Surface Treatments Limited

## Strategic report

The directors present their strategic report for the year ended 31 March 2016.

### Principal activities

The principal activity of the company has been that of repair and overhaul of aircraft components and precision engineering.

### Business review

The results for the year are set out on page 5 of the financial statements. Turnover for the year increased by 77% to £1,710,741 which resulted in an operating profit of £281,035 primarily caused by an increased level of orders received from a major customer, when compared to last fiscal year. 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 a global marketplace with continual increases 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.

By order of the board



L V Ellis  
*Secretary*

Inflite House  
Stansted Airport  
Stansted  
Essex  
CM24 1RY

# Aerospace Surface Treatments Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

### 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 have 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 Luckin Ltd has indicated a 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 AEROSPACE SURFACE TREATMENTS LIMITED

We have audited the financial statements of Aerospace Surface Treatments Limited for the year ended 31 March 2016, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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), including Financial Reporting Standard 102.

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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 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.

### 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 the 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 Strategic report and 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 2016 and of its results 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 Luckin Ltd, Statutory Auditor

Aquila House

Waterloo Lane

Chelmsford

Essex, CM1 1BN

14<sup>th</sup> October 2016

# Aerospace Surface Treatments Limited

## Profit and loss account

for the year ended 31 March 2016

	Note	2016 £	2015 £
<b>Turnover</b>	2	<b>1,710,741</b>	967,474
Cost of sales		<b>(903,323)</b>	(558,224)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>807,418</b>	409,250
Administrative expenses		<b>(526,383)</b>	(515,708)
		<hr/>	<hr/>
<b>Operating profit/loss</b>	3	<b>281,035</b>	(106,458)
Interest receivable and similar income	5	<b>110</b>	-
Interest payable and similar charges	6	<b>(390)</b>	(350)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>280,755</b>	(106,808)
Taxation on profit/loss on ordinary activities	7	<b>(56,610)</b>	22,206
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the financial year</b>		<b>224,145</b>	(84,602)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 16 form part of these financial statements.

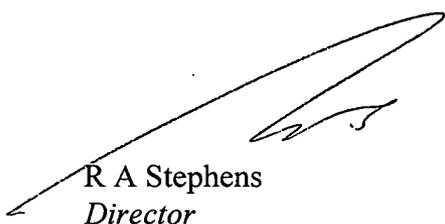
# Aerospace Surface Treatments Limited

## Balance sheet At 31 March 2016

(Registered No. 3217538)

	Note	2016 £	2016 £	2015 £	2015 £
<b>ASSETS</b>					
<b>Fixed assets</b>					
Tangible assets	8		6,972		19,058
<b>Current assets</b>					
Stocks and work in progress	9	142,376		156,643	
Debtors	10	372,151		203,919	
Cash at bank and in hand		915,812		591,294	
			<u>1,430,339</u>	<u>1,051,856</u>	
			<u>1,437,311</u>	<u>970,914</u>	
<b>LIABILITIES</b>					
<b>Capital and reserves</b>					
Called up share capital	14		100		100
Profit and loss account			1,089,002		864,857
			<u>1,089,102</u>	<u>864,957</u>	
Equity shareholders' funds			1,089,102		864,957
Provision for liabilities and charges	13		-		-
<b>Creditors: amounts falling due within one year</b>	11		<b>348,209</b>		<b>105,957</b>
			<u>1,437,311</u>	<u>970,914</u>	

The financial statements on pages 5 to 16 were approved by the Board of directors and authorised for issue on 14<sup>th</sup> October 2016 and were signed on its behalf by:



R A Stephens  
Director

The notes on pages 9 to 16 form part of these financial statements.

# Aerospace Surface Treatments Limited

## Statement of changes in equity

for the year ended 31 March 2016

	Share Capital	Profit and loss account	Total
	£	£	£
<b>Balance at 1 April 2014</b>	100	949,459	949,559
<b>Year ended 31 March 2015</b>			
Profit and total comprehensive income	-	(84,602)	(84,602)
Dividends	-	-	-
<b>Balance at 31 March 2015</b>	<b>100</b>	<b>864,857</b>	<b>864,957</b>
<b>Year ended 31 March 2016</b>			
Profit and total comprehensive income	-	224,145	224,145
Dividends	-	-	-
<b>Balance at 31 March 2016</b>	<b>100</b>	<b>1,089,002</b>	<b>1,089,102</b>

The notes on pages 9 to 16 form part of these financial statements.

# Aerospace Surface Treatments Limited

## Statement of cash flows

For the year ended 31 March 2016

	Note	2016 £	2015 £
<b>Net cash generated from operating activities</b>	15	<b>325,242</b>	22,384
Interest paid		(390)	(350)
Corporation tax received/(paid)		1,315	(23,983)
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>326,167</b>	(1,949)
		<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(1,759)	(470)
Interest received		110	-
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(1,649)</b>	(470)
		<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>324,518</b>	(2,419)
Cash and cash equivalents at beginning of the year		591,294	593,713
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>		<b>915,812</b>	591,294
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 16 form part of these financial statements.

# Aerospace Surface Treatments Limited

## Notes

(forming part of the financial statements)

### 1 Accounting policies

#### *Company information*

Aerospace Surface Treatments Limited (“the company”) is a limited company domiciled and incorporated in England and Wales. The registered office is Inflite House, Stansted Airport, Stansted, Essex, CM24 1RY.

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 under the historical cost convention, modified by the revaluation of certain assets. The financial statements for the year ended 31 March 2016 have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (‘FRS 102’) and the requirements of the Companies Act 2006. The financial statements are prepared in £ Sterling, being the functional currency of the company, and amounts shown are rounded to the nearest pound.

The date of transition to FRS 102 was 1 April 2014 and these are the first financial statements of Aerospace Surface Treatments Limited prepared in accordance with FRS 102. The entity has complied with the provisions of FRS 102 and its transition to this reporting standard has not affected the reported financial position and financial performance.

#### *Going concern*

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *Tangible fixed assets*

Tangible fixed assets are initially measured at cost and subsequently at cost or valuation, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives at the following annual rates:

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

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised immediately in the income statement.

The gain or loss arising on the disposal of an asset is determined as the difference between the net sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### *Stocks*

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.

# Aerospace Surface Treatments Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. 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 and is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date and on a non-discounted basis.

The company is a member of a group and full payment at the effective rate is generally made or received in respect of tax losses transferred between group companies. Current and deferred tax are charged or credited in the income statement.

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the relevant lease.

#### *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 income statement.

#### *Critical accounting estimates and judgements*

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# Aerospace Surface Treatments Limited

## Notes (continued)

### 2 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the total amount receivable in the ordinary course of business for provision of services, net of discounts and excluding value added tax. The company's activities relate to the aerospace industry, which by its nature is international.

### 3 Operating profit/(loss)

	2016	2015
	£	£
Operating profit/(loss) is arrived at after charging:		
Depreciation of tangible fixed assets	13,846	13,445
Land and buildings - operating leases	120,000	120,000
Stocks recognised as an expense	273,198	158,146
	<u>          </u>	<u>          </u>

The auditors' remuneration and expenses are borne by the group management company, which paid £2,000 (2015: £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 company had no employees and none of the directors received any emoluments during the year (2015: Nil).

### 5 Interest receivable and similar income

	2016	2015
	£	£
Bank interest received	-	-
Other interest	110	-
	<u>          </u>	<u>          </u>
	<u>110</u>	<u>-</u>

# Aerospace Surface Treatments Limited

Notes (continued)

## 6 Interest payable and similar charges

	2016	2015
	£	£
On bank loans, overdrafts and other loans	390	350
On other balances	-	-
	<u>390</u>	<u>350</u>

## 7 Taxation on profit/(loss) on ordinary activities

	2016	2015
	£	£
<b>Current taxation</b>		
Corporation tax at an effective rate of 20% (2015: 21%)	57,605	(21,175)
Prior year adjustment	-	(140)
Deferred tax (see note 13)	(995)	(891)
	<u>56,610</u>	<u>(22,206)</u>
Taxation on (loss)/profit on ordinary activities	<u>56,610</u>	<u>(22,206)</u>

The tax charge for the year is higher than the standard rate of corporation tax in the UK of 20% (2015: 21%) due to the effect of items explained below:

	2016	2015
	£	£
Profit/(loss) on ordinary activities before tax	<u>280,755</u>	<u>(106,808)</u>
Tax thereon at the standard rate of corporation tax	56,151	(22,430)
Expenses not deductible for tax purposes	-	35
Capital allowances for the year in excess of depreciation	459	329
Prior year adjustment	-	(140)
	<u>56,610</u>	<u>(22,206)</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 2015	945	92,418	-	93,363
Additions	-	1,760	-	1,760
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	<b>945</b>	<b>94,178</b>	-	<b>95,123</b>
<i>Depreciation</i>				
At 1 April 2015	945	73,360	-	74,305
Charged in year	-	13,846	-	13,846
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	<b>945</b>	<b>87,206</b>	-	<b>88,151</b>
<i>Net book value</i>				
At 31 March 2016	<hr/> <hr/>	<b>6,972</b>	-	<b>6,972</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2015	<hr/> <hr/>	19,058	-	19,058
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 9 Stocks

	2016 £	2015 £
Raw materials and consumables	57,122	44,541
Work in progress	85,254	112,102
	<hr/>	<hr/>
	<b>142,376</b>	<b>156,643</b>
	<hr/> <hr/>	<hr/> <hr/>

# Aerospace Surface Treatments Limited

Notes (continued)

## 10 Debtors

	2016 £	2015 £
Trade debtors	314,752	168,361
Amounts owed by group undertakings	34,319	1,701
Prepayments and accrued income	18,942	9,284
Other debtors	4,138	3,258
Corporation Tax	-	21,315
	<u>372,151</u>	<u>203,919</u>

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

## 11 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	26,912	22,993
Amounts owed to group undertakings	231,928	74,813
Other creditors including taxation and social security	81,287	4,354
Accruals and deferred income	8,082	3,797
	<u>348,209</u>	<u>105,957</u>

Other taxation and social security comprises:

	2016 £	2015 £
Social security	-	-
Corporation Tax	37,605	-
Other taxes (VAT)	43,682	4,354
	<u>81,287</u>	<u>4,354</u>

# Aerospace Surface Treatments Limited

Notes (continued)

## 12 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Measured at fair value through profit and loss	-	-
Measured at amortised cost	349,071	170,062
	<u>349,071</u>	<u>170,062</u>
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit and loss	-	-
Measured at amortised cost	(266,923)	(101,603)
	<u>(266,923)</u>	<u>(101,603)</u>

## 13 Provision for liabilities and charges

The full potential asset at 18% (2015: 20%) and amount provided for deferred taxation is as follows:

	Full potential liability/(asset) 2016 £	Amount credited 2016 £	Full potential liability/(asset) 2015 £	Amount credited. 2015 £
Accelerated capital allowances	(4,138)	(4,138)	(3,143)	(3,143)
	<u>(4,138)</u>	<u>(4,138)</u>	<u>(3,143)</u>	<u>(3,143)</u>
<b>At 31 March</b>	<u>(4,138)</u>	<u>(4,138)</u>	<u>(3,143)</u>	<u>(3,143)</u>

The deferred tax asset of £4,138 (2015: £3,143) is included in Other Debtors.

## 14 Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

# Aerospace Surface Treatments Limited

Notes (continued)

## 15 Cash generated from operations

	2016 £	2015 £
Operating profit/(loss)	281,035	(106,458)
Depreciation	13,846	13,445
(Profit)/loss on disposal of fixed assets	-	-
Net effect of exchange foreign exchange differences	-	-
Decrease/(Increase) in stocks	14,267	(28,033)
(Increase)/Decrease in debtors	(188,552)	99,640
Increase in creditors	204,646	43,790
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>325,242</b>	<b>22,384</b>
	<hr/> <hr/>	<hr/> <hr/>

## 16 Commitments

Commitments under operating leases for land and buildings comprise £1,200,000 (2015: £1,200,000) for leases expiring after more than five years.

## 17 Contingent liabilities

The company has guaranteed the overdrafts of certain of its fellow subsidiary undertakings, the amount outstanding at the year end was £1,202,539 (2015: £885,207).

## 18 Related party transactions

In accordance with FRS102 the company has not disclosed transactions with wholly owned members of the group.

## 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.