

Company Registration No. 06772385 (England and Wales)

AMF PRECISION ENGINEERING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

PAGES FOR FILING WITH REGISTRAR

AMF PRECISION ENGINEERING LIMITED

CONTENTS

	Page
Balance sheet	1
Notes to the financial statements	2 - 10

AMF PRECISION ENGINEERING LIMITED**BALANCE SHEET****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	4		1,162,493		1,078,074
Current assets					
Stocks		587,454		677,697	
Debtors	5	976,429		1,742,497	
Cash at bank and in hand		563,767		33,589	
		<u>2,127,650</u>		<u>2,453,783</u>	
Creditors: amounts falling due within one year	6	<u>(2,044,301)</u>		<u>(1,727,993)</u>	
Net current assets			83,349		725,790
Total assets less current liabilities			<u>1,245,842</u>		<u>1,803,864</u>
Creditors: amounts falling due after more than one year	7		(1,608)		(518,144)
Provisions for liabilities			<u>(57,265)</u>		<u>(93,289)</u>
Net assets			<u><u>1,186,969</u></u>		<u><u>1,192,431</u></u>
Capital and reserves					
Called up share capital	8		667		667
Capital redemption reserve			333		333
Profit and loss reserves			<u>1,185,969</u>		<u>1,191,431</u>
Total equity			<u><u>1,186,969</u></u>		<u><u>1,192,431</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30 September 2020 and are signed on its behalf by:

Ms S J Edge
Director

Mr W R J Rawkins
Director

Company Registration No. 06772385

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

AMF Precision Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 5 Power Station Business Park, Bromborough, Wirral, CH62 4YB.

1.1 Accounting convention

These financial statements 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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have reviewed the impact of Covid-19 on the company and group and produced future cash flow forecasts which indicate sufficient funds are in place to meet all liabilities as they are projected to fall due for payment over the next twelve months from the signing date, leading them to the conclusion that there are no material uncertainties over adopting the going concern basis at the time of signing the financial statements of the company and the group. The company's ultimate parent Aero Services Global Group has received a waiver on the banking covenants which cover a period of 12 months from the signing of the financial statements.

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

1.3 Reporting period

These accounts have been prepared to 31 March 2020, but include transactions from 1 April 2019 to 7 April 2020. The comparative figures in these financial statements include transactions for the 12 month period from 1 April 2018 to 31 March 2019. The change to include transactions to 7 April 2020 is to coincide with the parent company. As a result, the prior period figures are not comparable.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2009, has been amortised evenly over its estimated useful life of five years. Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured 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 on the following bases:

Leasehold improvements	Over the period of the lease
Plant and machinery	20% on cost
Office equipment	20% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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 the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand. Bank overdrafts are shown within borrowings in current liabilities.

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 49 (2019 - 51).

3 Intangible fixed assets

Goodwill
£

Cost

At 1 April 2019 and 31 March 2020 221,734

Amortisation and impairment

At 1 April 2019 and 31 March 2020 221,734

Carrying amount

At 31 March 2020 -

At 31 March 2019 -

4 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2019	267,665	2,195,032	70,238	14,624	2,547,559
Additions	-	453,753	-	-	453,753
Disposals	-	(80,000)	-	-	(80,000)
At 31 March 2020	267,665	2,568,785	70,238	14,624	2,921,312
Depreciation and impairment					
At 1 April 2019	16,950	1,393,970	48,207	10,358	1,469,485
Depreciation charged in the year	17,844	341,021	6,814	3,655	369,334
Eliminated in respect of disposals	-	(80,000)	-	-	(80,000)
At 31 March 2020	34,794	1,654,991	55,021	14,013	1,758,819
Carrying amount					
At 31 March 2020	232,871	913,794	15,217	611	1,162,493
At 31 March 2019	250,715	801,062	22,031	4,266	1,078,074

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	726,057	1,632,793
Other debtors	250,372	98,658
	<u>976,429</u>	<u>1,731,451</u>
Amounts falling due after more than one year:		
	£	£
Other debtors	-	11,046
	<u>-</u>	<u>11,046</u>
Total debtors	<u>976,429</u>	<u>1,742,497</u>

6 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	-	124,973
Trade creditors	600,978	927,687
Amounts owed to group undertakings	805,547	-
Taxation and social security	153,477	186,133
Other creditors	484,299	489,200
	<u>2,044,301</u>	<u>1,727,993</u>

Other creditors include £424,263 (2019: £99,345) relating to invoice discounting which is secured on the debtors to which they relate.

7 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Bank loans and overdrafts	-	176,826
Other creditors	1,608	341,318
	<u>1,608</u>	<u>518,144</u>

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
667 Ordinary of £1 each	667	667
	<u> </u>	<u> </u>

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

Qualified opinion on financial statements

We have audited the financial statements of AMF Precision Engineering Limited (the 'company') for the year ended 31 March 2020 which comprise , the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss 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.

Basis for qualified opinion

Our audit report for the year ended 31 March 2020 is qualified on the basis that we have not been able to audit the amount included in the opening stock figure, thereby creating a limitation of scope concerning the cost of sales for the current year.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

The senior statutory auditor was Paul Locker.

The auditor was MHA Moore and Smalley.

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Financial commitments, guarantees and contingent liabilities

The company has provided an unlimited guarantee along with fellow group companies under common control regarding the investment made by Realta Investments Ireland DAC relating to Project Zephyr. This security given contains fixed and floating charges and a negative pledge.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2020	2019
	£	£
	2,100,691	2,349,303

12 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Management services received		Leasing of property	
	2020	2019	2020	2019
	£	£	£	£
Other related parties	93,543	124,724	150,000	150,000

The company has taken advantage of the exemption permitted under Section 33 'Related Party Disclosures' paragraph 33.1A from disclosing transactions with the ultimate parent company, parent company and other 100% subsidiary companies.

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due from related parties	£	£
Other related parties	235,650	74,042

Interest is charged on the loan to the related party at 5% per annum.

AMF PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Parent company

The company's immediate parent company is ASG Investments 9 Limited. The parent company was purchased on 13 December 2019 by ASG Aerospace Limited to form part of a larger group. The ultimate parent company of AMF Precision Engineering Limited is Aero Services Global Group Limited.

Copies of the consolidated financial statements of Aero Services Global Group Limited, which is both the smallest and largest group for which consolidated financial statements are prepared, may be obtained from No.1 Marsden Street, Manchester, England, M2 1HW.

The ultimate controlling party of AMF Precision Engineering Limited is Mr S A Amiri by virtue of his ownership of Aero Services Global Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.