

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
FOR  
AVIA TECHNIQUE LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2021

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**AVIA TECHNIQUE LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**DIRECTORS:** C J Wright  
R Sims

**SECRETARY:** C J Wright

**REGISTERED OFFICE:** Unit 1 Fishponds Estate  
Fishponds Road  
Wokingham  
Berkshire  
RG41 2QJ

**REGISTERED NUMBER:** 04494889 (England and Wales)

**AUDITORS:** Haines Watts  
Chartered Accountants and Statutory Auditors  
Advantage  
87 Castle Street  
Reading  
Berkshire  
RG1 7SN

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their strategic report for the year ended 31 December 2021.

**REVIEW OF BUSINESS**

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and of its position at the year end. The review is consistent with the size and non complex nature of the business and is written in the context of the risks and uncertainties faced by the business.

The turnover of the company increased by 17% to 13.4m (2020 - 11.4m). Gross profit also increased from £5.1m to £5.9m, resulting in a profit before taxation of £1.9m (2020 - £1.7m).

The average number of employees decreased from 75 to 73.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors have considered the risks and uncertainties pertaining to the company and have identified potential increased competition and exchange rate fluctuations as current potential risk areas. However, the management have worked to assess these risks and taken appropriate action to mitigate them.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit and net assets.

**ON BEHALF OF THE BOARD:**

C J Wright - Director

24 November 2022

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the manufacture, repair and overhaul of aircraft equipment.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2021 will be £1,438,711.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

C J Wright  
R Sims

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**AUDITORS**

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

C J Wright - Director

24 November 2022

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AVIA TECHNIQUE LIMITED**

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### **Opinion**

We have audited the financial statements of Avia Technique Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

### **Basis for opinion**

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 Auditors' 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 a Report of the Auditors 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.

We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: FRS102 - the Financial Reporting Standard applicable in the UK & The Republic of Ireland, the Companies Act 2006 and relevant tax compliance regulations in the UK.

We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making enquiries of management.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where management considered there was susceptibility to fraud. Audit procedures performed by the audit team included:

- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries, with a focus on entries made with unusual accounting combinations;
- Confirming with management whether they have knowledge of any actual, suspected or illegal fraud;
- Evaluating whether there was evidence of bias by management that represents a risk of material misstatement due to fraud.

These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AVIA TECHNIQUE LIMITED

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### Use of our report

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 a Report of the Auditors 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.

Ben Loveday FCCA (Senior Statutory Auditor)  
for and on behalf of Haines Watts  
Chartered Accountants and Statutory Auditors  
Advantage  
87 Castle Street  
Reading  
Berkshire  
RG1 7SN

2 December 2022

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Notes	£	£
<b>TURNOVER</b>		<b>13,408,411</b>	11,439,648
Cost of sales		<u>7,523,595</u>	<u>6,379,212</u>
<b>GROSS PROFIT</b>		<b>5,884,816</b>	5,060,436
Administrative expenses		<u>4,023,125</u>	<u>3,677,567</u>
		<b>1,861,691</b>	1,382,869
Other operating income		<u>12,060</u>	<u>358,716</u>
<b>OPERATING PROFIT</b>	5	<b>1,873,751</b>	1,741,585
Interest payable and similar expenses	6	<u>4,208</u>	<u>2,542</u>
<b>PROFIT BEFORE TAXATION</b>		<b>1,869,543</b>	1,739,043
Tax on profit	7	<u>279,329</u>	<u>321,665</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,590,214</b>	1,417,378
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,590,214</b>	
Prior year adjustment			<u>158,200</u>
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>			<u>1,575,578</u>

**BALANCE SHEET**  
**31 DECEMBER 2021**

	Notes	£	2021 £	£	2020 £
<b>FIXED ASSETS</b>					
Intangible assets	9		1,334		2,935
Tangible assets	10		278,688		342,402
Investments	11		92,723		92,723
			<u>372,745</u>		<u>438,060</u>
<b>CURRENT ASSETS</b>					
Stocks	12	2,258,449		2,541,873	
Debtors	13	2,923,524		3,199,992	
Cash at bank		<u>368,314</u>		<u>565,591</u>	
		5,550,287		6,307,456	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>1,852,020</u>		<u>2,841,972</u>	
<b>NET CURRENT ASSETS</b>			<u>3,698,267</u>		<u>3,465,484</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,071,012</u>		<u>3,903,544</u>
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>173,651</u>		<u>157,626</u>
<b>NET ASSETS</b>			<u>3,897,361</u>		<u>3,745,918</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		38,000		38,000
Retained earnings	18		<u>3,859,361</u>		<u>3,707,918</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>3,897,361</u>		<u>3,745,918</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 24 November 2022 and were signed on its behalf by:

C J Wright - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2020</b>	38,000	3,267,861	3,305,861
Prior year adjustment	-	158,200	158,200
As restated	38,000	3,426,061	3,464,061
<b>Changes in equity</b>			
Dividends	-	(1,135,521)	(1,135,521)
Total comprehensive income	-	1,417,378	1,417,378
<b>Balance at 31 December 2020</b>	38,000	3,707,918	3,745,918
<b>Changes in equity</b>			
Dividends	-	(1,438,771)	(1,438,771)
Total comprehensive income	-	1,590,214	1,590,214
<b>Balance at 31 December 2021</b>	38,000	3,859,361	3,897,361

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. STATUTORY INFORMATION**

Avia Technique Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

**Going Concern**

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

The Company's cash flow is included in the consolidated accounts of the immediate parent company, SK Aviation B.V. A copy of the consolidated accounts can be obtained from SK Aviation B.V. at Marketing 43, 6921 RE DUIVAN, Postbus 185, 6920 AD Duiven, Nederland

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. ACCOUNTING POLICIES - continued**

**Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

- Plant & machinery - 5 years
- Fixtures & fittings - 5 years
- Computer equipment - 4 years
- Computer software - 3 years
- Other fixed assets - 5-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**Associates and joint ventures**

Associates and Joint Ventures are held at cost less impairment.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Pension costs and other post-retirement benefits**

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

**Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the provision for doubtful debts, provision for obsolete and slow moving stock and the useful economic life of tangible fixed assets.

**4. EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Wages and salaries	2,008,846	2,004,012
Social security costs	194,628	172,389
Other pension costs	78,481	86,805
	<u>2,281,955</u>	<u>2,263,206</u>

The average number of employees during the year was as follows:

	2021	2020
Employees	<u>73</u>	<u>75</u>

	2021	2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Hire of plant and machinery	1,200	-
Other operating leases	189,783	179,424
Depreciation - owned assets	139,818	151,411
Patents and licences amortisation	1,601	1,601
Auditors' remuneration	14,000	12,000
Foreign exchange differences	<u>45,831</u>	<u>(19,567)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank interest	-	579
Other interest payable	4,208	1,963
	<u>4,208</u>	<u>2,542</u>

7. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	346,471	298,185
Over/under provision in prior year	(63,167)	18,440
Total current tax	<u>283,304</u>	<u>316,625</u>
Deferred tax	(3,975)	5,040
Tax on profit	<u>279,329</u>	<u>321,665</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	<u>1,869,543</u>	<u>1,739,043</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	355,213	330,418
Effects of:		
Expenses not deductible for tax purposes	930	(497)
Depreciation in excess of capital allowances	10,471	22,238
Adjustments to tax charge in respect of previous periods	(63,167)	18,440
Other movements	(24,118)	(48,934)
Total tax charge	<u>279,329</u>	<u>321,665</u>

8. DIVIDENDS

	2021	2020
	£	£
Ordinary shares of £1 each		
Final	<u>1,438,771</u>	<u>1,135,521</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

9. INTANGIBLE FIXED ASSETS

	Patents and licences £
<b>COST</b>	
At 1 January 2021	
and 31 December 2021	<u>8,004</u>
<b>AMORTISATION</b>	
At 1 January 2021	5,069
Amortisation for year	<u>1,601</u>
At 31 December 2021	<u>6,670</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>1,334</u>
At 31 December 2020	<u>2,935</u>

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 January 2021	412,078	504,791	58,394	304,885	1,280,148
Additions	<u>25,909</u>	<u>19,837</u>	<u>7,784</u>	<u>22,574</u>	<u>76,104</u>
At 31 December 2021	<u>437,987</u>	<u>524,628</u>	<u>66,178</u>	<u>327,459</u>	<u>1,356,252</u>
<b>DEPRECIATION</b>					
At 1 January 2021	231,223	401,319	46,960	258,244	937,746
Charge for year	<u>59,172</u>	<u>47,440</u>	<u>5,694</u>	<u>27,512</u>	<u>139,818</u>
At 31 December 2021	<u>290,395</u>	<u>448,759</u>	<u>52,654</u>	<u>285,756</u>	<u>1,077,564</u>
<b>NET BOOK VALUE</b>					
At 31 December 2021	<u>147,592</u>	<u>75,869</u>	<u>13,524</u>	<u>41,703</u>	<u>278,688</u>
At 31 December 2020	<u>180,855</u>	<u>103,472</u>	<u>11,434</u>	<u>46,641</u>	<u>342,402</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

11. **FIXED ASSET INVESTMENTS**

**COST**

At 1 January 2021  
and 31 December 2021

**NET BOOK VALUE**

At 31 December 2021  
At 31 December 2020

Interest in  
joint  
venture  
£

92,723

92,723

92,723

12. **STOCKS**

	2021 £	2020 £
Work-in-progress	862,430	629,541
Finished goods	<u>1,396,019</u>	<u>1,912,332</u>
	<u>2,258,449</u>	<u>2,541,873</u>

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade debtors	1,758,417	1,975,687
Amounts owed by group undertakings	252,981	772,517
Amounts owed by joint ventures	308,353	315,500
Other debtors	459,449	75,157
Prepayments and accrued income	<u>144,324</u>	<u>61,131</u>
	<u>2,923,524</u>	<u>3,199,992</u>

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade creditors	401,179	852,853
Amounts owed to group undertakings	70,242	69,722
Tax	346,471	813,333
Social security and other taxes	57,720	129,019
Other creditors	199,656	220,647
Accruals and deferred income	<u>776,752</u>	<u>756,398</u>
	<u>1,852,020</u>	<u>2,841,972</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2021

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £	2020 £
Within one year	243,005	219,837
Between one and five years	711,461	118,229
	<u>954,466</u>	<u>338,066</u>

16. PROVISIONS FOR LIABILITIES

	2021 £	2020 £
Deferred tax	53,651	57,626
Other provisions	120,000	100,000
	<u>173,651</u>	<u>157,626</u>

	Deferred tax £	Dilapida- tion £
Balance at 1 January 2021	57,626	100,000
(Credit)/charge to Statement of Comprehensive Income during year	(3,975)	20,000
Balance at 31 December 2021	<u>53,651</u>	<u>120,000</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021 £	2020 £
Number:	Class:			
38,000	Ordinary	£1	<u>38,000</u>	<u>38,000</u>

18. RESERVES

	Retained earnings £
At 1 January 2021	3,707,918
Profit for the year	1,590,214
Dividends	(1,438,771)
At 31 December 2021	<u>3,859,361</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**19. PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company. The pension cost charge represents contributions payable by the Company to the fund of £78,481 (2020 - £86,805). Contributions totalling £14,415 (2020 - £13,300) were payable to the fund at the balance sheet date.

**20. RELATED PARTY DISCLOSURES**

During the year the Company made sales of £217,706 (2020 - £153,293) to Destini Avia Technique SDN. BHD, a fellow group member that is not a wholly owned member of the group. At the balance sheet date, an amount of £2,943 (2020 - £6,038) was due to Destini Avia Technique SDN. BHD who in turn owed £33,966 (2020 - £288,860) to the Company.

The Company loaned the joint venture 500,000 Malaysian ringgit as part of the initial investment. A further 750,000 Malaysian ringgit has been loaned to the Company during the year ending 31 December 2017, at 31 December 2021 these loans are valued at £315,500 (2020 - £315,500).

The Company has taken advantage of the exemption under paragraph 33.1A of FRS102 not to disclose transactions with other wholly owned group members.

**21. ULTIMATE CONTROLLING PARTY**

The Company's ultimate parent undertaking and controlling party was Levine Leightman Capital Partners Europe, LP.



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