## **COMPANY REGISTRATION NUMBER 45894**

# BRUNTONS AERO PRODUCTS LIMITED DIRECTORS' REPORT AND ACCOUNTS 31 MARCH 2011

WEDNESDAY



COMPANIES HOUSE

## **ACCOUNTS**

## YEAR ENDED 31 MARCH 2011

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## **COMPANY INFORMATION**

The board of directors Mr A S Hook

Mr R J Brooksbank

Mr E Cook Mr I Williamson

**Company secretary** 

Mr E Cook

Registered office

Springstone House

P O Box 88

27 Dewsbury Road

Ossett WF5 9WS

**Auditor** 

KPMG Audit Plc

Statutory Auditor

Chartered Accountants
1 The Embankment

**Neville Street** 

Leeds LS1 4DW

#### THE DIRECTORS' REPORT

#### YEAR ENDED 31 MARCH 2011

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 March 2011

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was the manufacture and sale of components for the aero industry

Sales at £2,649,090 were similar to the prior year (2010 - £2,586,450) but operating profit improved to £231,985 from £63,150 The business is expected to grow modestly over the next couple of years

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £145,204 (2010 - loss - £3,670) Particulars of dividends paid are detailed in note 8 to the accounts

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The major risk to the company's expansion is the shortage of skilled labour. This is being addressed by taking on apprentices for training, paying competitive rates of pay and deskilling the processes wherever possible

#### **DIRECTORS**

The directors who served the company during the year were as follows

Mr A S Hook Mr R J Brooksbank Mr E Cook Mr I Williamson

#### DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

## THE DIRECTORS' REPORT (continued)

## YEAR ENDED 31 MARCH 2011

#### **AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Registered office Springstone House P O Box 88 27 Dewsbury Road Ossett WF5 9WS Signed by order of the directors

MR E COOK

Company Secretary

Approved by the directors on 19 December 2011

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

#### YEAR ENDED 31 MARCH 2011

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 those accounts, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts 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 accounts comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRUNTONS AERO PRODUCTS LIMITED

#### YEAR ENDED 31 MARCH 2011

We have audited the accounts of Bruntons Aero Products Limited for the year ended 31 March 2011 on pages 7 to 19 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 ACCOUNTS

A description of the scope of an audit of accounts is provided on the APB's website at www frc org uk/apb/scope/private cfm

#### **OPINION ON ACCOUNTS**

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRUNTONS AERO PRODUCTS LIMITED (continued)

#### YEAR ENDED 31 MARCH 2011

## 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 accounts are not in agreement with the accounting records and returns, or

• certain disclosures of directors' remuneration specified by law are not made, or

ve have not received all the information and explanations we require for our audit

MIKE BARRADELL (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc

Statutory Auditor

**Chartered Accountants** 

1 The Embankment

Neville Street

Leeds

LS14DW

19 December 2011

## **PROFIT AND LOSS ACCOUNT**

## YEAR ENDED 31 MARCH 2011

TURNOVER	Note 2	2011 £ 2,649,090	2010 £ 2,586,450
OPERATING PROFIT	3	231,985	63,150
Interest payable and similar charges	6	(5,880)	(6,499)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	Ţ	226,105	56,651
Tax on profit on ordinary activities	7	(80,901)	(60,321)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		145,204	(3,670)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 19 form part of these accounts

## **BALANCE SHEET**

## 31 MARCH 2011

	Note	2011 £	2010 £
FIXED ASSETS Tangible assets	9	1,202,294	1,214,403
CURRENT ASSETS Stocks Debtors Cash in hand	10 11	702,436 451,016 134,643	709,587 486,246 399
CREDITORS: Amounts falling due within one year	13	1,288,095 (735,541)	1,196,232 (659,935)
NET CURRENT ASSETS NET ASSETS		552,554 1,754,848	536,297 1,750,700
CAPITAL AND RESERVES Called-up share capital Profit and loss account	17 18	1,700,000 54,848	1,700,000 50,700
SHAREHOLDERS' FUNDS	19	1,754,848	1,750,700

These accounts were approved by the directors and authorised for issue on 19 December 2011 and are signed on their behalf by

MR A S HOOK

Director

Company Registration Number 45894

The notes on pages 9 to 19 form part of these accounts

#### NOTES TO THE ACCOUNTS

#### YEAR ENDED 31 MARCH 2011

#### 1. **ACCOUNTING POLICIES**

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards

#### Cash flow statement

As permitted by FRS I (revised 1996) - 'Cash Flow Statements', the accounts do not include a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking and the ultimate holding company includes the company in its own published consolidated accounts

#### Related party transactions

The company has taken advantage of the exemption to FRS 8 from disclosing transactions with related parties that are subsidiaries of Carclo plc

#### Turnover

Turnover is the net invoiced value of goods and services provided by the company exclusive of VAT

#### Research and development

Research and development expenditure is written off in the year in which it is incurred

#### **Fixed assets**

Tangible fixed assets are shown at cost

## **Depreciation**

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Buildings

Plant & Machinery

10 - 33%

Motor Vehicles

25%

#### Freehold land is not depreciated

Provision is made for any impairment

#### Stocks

Stocks are stated at the lower of cost and net realisable value, with due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overhead expenses

#### NOTES TO THE ACCOUNTS

#### YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES (continued)

#### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

#### **Pensions**

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is recognised on a liability or asset if the transactions or events that give rise to an obligation to pay more tax in the future or a right to pay less tax in future have occurred by the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

#### **NOTES TO THE ACCOUNTS**

#### YEAR ENDED 31 MARCH 2011

#### 1 ACCOUNTING POLICIES (continued)

#### Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end, except where they are covered by forward contracts in which case the rate appropriate to the forward contracts is used.

#### Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the accounts

#### 2. TURNOVER

Turnover is attributable to one continuing activity, the manufacture and sale of components for the aero industry

An analysis of turnover is given below

	2011	2010
	£	£
United Kingdom	1,734,355	1,859,377
Rest of Europe	710,512	506,715
Rest of World	204,223	220,358
	2,649,090	2,586,450
		T

## **NOTES TO THE ACCOUNTS**

## YEAR ENDED 31 MARCH 2011

#### 3. OPERATING PROFIT

- Francis	2011 £	2010 £
Turnover	2,649,090	2,586,450
Finished goods and work in progress stock change	(79,957)	(180,726)
Raw materials and consumables	(600,710)	(496,176)
Employee costs (note 4)	(1,073,047)	(1,167,284)
Depreciation	(80,991)	(78,169)
Redundancies	· , , ,	(10,327)
Operating lease rentals - plant and machinery	(8,795)	(8,936)
Operating lease rentals - property	(9,167)	(10,180)
Auditors' remuneration - audit work	(3,200)	(3,100)
Management charge	(300,000)	(300,000)
Other operating charges	(261,238)	(268,402)
	231,985	63,150
		-

## 4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial year, including the directors, amounted to 47 (2010 - 51)

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	947,794	1,030,431
Social security costs	78,899	74,398
Other pension costs	46,354	62,455
	1,073,047	1,167,284

In addition redundancy costs of £10,327 were also paid in 2010

## 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	112,511	76,086

## **NOTES TO THE ACCOUNTS**

#### YEAR ENDED 31 MARCH 2011

#### 5. DIRECTORS' REMUNERATION (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	1	_
Defined benefit schemes	-	2

Mr R J Brooksbank and Mr I Williamson were also directors of the holding company and fellow subsidiary undertakings Mr E Cook was also a director of fellow subsidiary undertakings These directors received remuneration of £759,332 (2010 - £489,006), all of which was paid by the holding company The directors do not believe that it is practicable to apportion this amount between their service as directors of the holding company and the fellow subsidiary undertakings

#### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	Interest payable on bank borrowing	2011 £ 5,880	2010 £ 6,499
7.	TAXATION ON ORDINARY ACTIVITIES		
	(a) Analysis of charge in the year		
		2011	2010
	Current tax	£	£
	In respect of the year		
	UK Corporation tax based on the results for the year	79,727	45,750
	Adjustment in respect of prior year	(118)	76,488
	_		

in respect of the year		
UK Corporation tax based on the results for the year Adjustment in respect of prior year	79,727 (118)	45,750 76,488
Total current tax	79,609	122,238
Deferred tax		
Origination and reversal of timing differences	(3,469)	(23,929)
Adjustment in respect of previous years		
Deferred tax	4,761	(37,988)
Total deferred tax (note 12)	1,292	(61,917)
Tax on profit on ordinary activities	80,901	60,321

## **NOTES TO THE ACCOUNTS**

## YEAR ENDED 31 MARCH 2011

## 7 TAXATION ON ORDINARY ACTIVITIES (continued)

## (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

2010

2011

The reasons are as follows

8.

	2011 £	2010 £
Profit on ordinary activities before taxation	226,105	56,651
Profit on ordinary activities by rate of tax	63,309	15,862
Depreciation in excess of capital allowances	16,180	16,286
Permanent differences	238	14,049
Prior year adjustment	(118)	76,488
Short term timing differences		(447)
Total current tax (note 7(a))	79,609	122,238
DIVIDENDS		
Equity dividends		2010
	2011 £	2010 £
Paid during the year		
Equity dividends on ordinary shares of £1	141,056	_

The interim dividend paid on the ordinary £1 shares amounted to 8 3p per share (2010 - nil)

## **NOTES TO THE ACCOUNTS**

## YEAR ENDED 31 MARCH 2011

## 9. TANGIBLE FIXED ASSETS

٧.	TATOIDEE TIMED ASSETS				
		Freehold Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
	COST	0=4 <04	1 2 5 7 0 1 0	20.050	2.250.452
	At 1 April 2010 Additions	871,604	1,367,910 40,405	38,958 28,477	2,278,472 68,882
	Disposals	<del>-</del>	<del></del>	(29,705)	(29,705)
	At 31 March 2011	871,604	1,408,315	37,730	2,317,649
	DEPRECIATION				
	At 1 April 2010	140,805	884,308	38,956	1,064,069
	Charge for the year On disposals	16,360	58,105 —	6,526 (29,705)	80,991 (29,705)
	At 31 March 2011	157,165	942,413	15,777	1,115,355
	NET BOOK VALUE	714 420	465 000	21.052	1 202 204
	At 31 March 2011	714,439	465,902	21,953	1,202,294
	At 31 March 2010	730,799	483,602	2	1,214,403
10.	STOCKS				
				2011	2010
	Raw materials			£ 227.515	£ 154,709
	Work in progress			227,515 140,094	184,709
	Finished goods			334,827	370,298
				702,436	709,587

The difference between purchase price or production cost of stocks and their replacement cost is not material

## **NOTES TO THE ACCOUNTS**

## YEAR ENDED 31 MARCH 2011

11.	DEBTORS	
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Due within one year		
•	2011	2010
	£	£
Trade debtors	329,811	376,667
Amounts owed by group undertakings	33,961	18,057
Other debtors	739	2,298
Prepayments and accrued income	9,416	10,843
Deferred taxation (note 12)	77,089	78,381
	451,016	486,246

Amounts owed by group undertakings are non interest bearing, unsecured and have no fixed payment date

## **12. DEFERRED TAXATION**

The deferred tax included in the Balance sheet is as follows

	2011 £	2010 £
Included in debtors (note 11)	77,089	78,381
The movement in the deferred taxation account during the year was	-	
	2011 £	2010 £
Balance brought forward	78,381	16,464
Profit and loss account movement arising during the year	(1,292)	61,917
Balance carried forward	77,089	78,381

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of depreciation over taxation allowances	77,089	78,381
	77,089	78,381

#### NOTES TO THE ACCOUNTS

#### YEAR ENDED 31 MARCH 2011

#### 12. DEFERRED TAXATION (continued)

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of the tax rate reduction creates a reduction in the deferred asset which has been included in the figures above.

The reduction in the main rate of UK corporation tax to 25 per cent with effect from 1 April 2012 was substantively enacted after the balance sheet date on 5 July 2011 and therefore the further reduction in the deferred tax asset has not been included in the figures above

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore not included in the figures above

It has not been possible to quantify the full anticipated effect of the announced rate reductions, although it will further reduce the deferred tax asset accordingly

#### 13. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Overdrafts	127,461	92,031
Trade creditors	178,225	151,868
Amounts owed to group undertakings	196,140	221,384
Corporation tax	<b>79,72</b> 7	45,750
Other taxation and social security	74,885	61,996
Other creditors	25,973	23,020
Accruals and deferred income	53,130	63,886
	735,541	659,935

The bank overdraft facility is secured by way of a fixed charge over the freehold land and buildings and floating charges over other assets of the company Interest is payable at the floating rate of LIBOR +2%

Amounts owed to group undertakings are non interest bearing, unsecured and have no fixed payment date

#### NOTES TO THE ACCOUNTS

#### YEAR ENDED 31 MARCH 2011

#### 14. PENSIONS

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Full details of the financial assumptions used to assess the scheme's assets and liabilities can be found in the accounts of Carclo plc. During the year ended 31 March 2011 the company elected to cease future accrual for existing members of the defined benefit scheme and members transferred to the defined contribution scheme.

The company is also a member of a defined contribution pension scheme operated by Carclo plc The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £24,107 (2010 - £13,293) Contributions amounting to £nil (2010 - £nil) were payable to the scheme at the year end

#### 15 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and	Other	Land and	Other
	buildings	Items	buildings	Items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	1,360	-	3,834
Within 2 to 5 years	-	-	10,000	-
		1,360	10,000	3,834
		-		

#### 16. CONTINGENT LIABILITIES

The company has provided cross guarantees in respect of certain bank overdrafts of other Carclo plc subsidiary undertakings. At 31 March 2011 the overdraft facilities amounted to £7,000,000 (2010 - £7,000,000) of which £3,045,000 (2010 - £nil) had been utilised.

The company has also provided an upstream guarantee to the parent company, Carclo plc, in respect of certain bank loan and overdraft facilities. At 31 March 2011 the total bank facilities available to the parent company amounted to £20,000,000 (2010 - £20,000,000) of which £19,002,000 (2010 - £18,678,000) had been utilised

There are fixed and floating charges over the company's assets in respect of the above guarantees

## **NOTES TO THE ACCOUNTS**

#### YEAR ENDED 31 MARCH 2011

#### 17. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
1,700,000 Ordinary shares of £1 each	1,700,000	1,700,000	1,700,000	1,700,000

#### 18. RESERVES

	Profit and loss
	account
	£
Balance brought forward	50,700
Profit for the year	145,204
Equity dividends	(141,056)
Balance carried forward	54,848
	<del></del>

#### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit/(loss) for the financial year	145,204	(3,670)
Equity dividends	(141,056)	
Net addition/(reduction) to shareholders' funds	4,148	(3,670)
Opening shareholders' funds	1,750,700	1,754,370
Closing shareholders' funds	1,754,848	1,750,700

## 20. ULTIMATE PARENT COMPANY

The parent company and ultimate controlling party of the group of undertakings for which group accounts are drawn up and of which the company is a member is Carclo plc Copies of Carclo plc's accounts can be obtained from Springstone House, 27 Dewsbury Road, Ossett, WF5 9WS