

AVELAIR LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

AVELAIR LIMITED

COMPANY INFORMATION

Directors D J Wood (Managing Director)
G Goodwin
M R Jones
T Shepherd
B Wood

Company secretary Mrs J L Wood

Registered number 02800984

Registered office Unit C
Fred Castle Way
Rougham Industrial Estate
Bury St. Edmunds
Suffolk
IP30 9ND

Accountants MA Partners LLP
Chartered Accountants
7 The Close
Norwich
Norfolk
NR1 4DJ

AVELAIR LIMITED

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AVELAIR LIMITED

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED
STATUTORY FINANCIAL STATEMENTS OF AVELAIR LIMITED
FOR THE YEAR ENDED 30 APRIL 2020**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Avelair Limited for the year ended 30 April 2020 which comprise the Balance sheet and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of directors of Avelair Limited, as a body, in accordance with the terms of our engagement letter dated 23 November 2017. Our work has been undertaken solely to prepare for your approval the financial statements of Avelair Limited and state those matters that we have agreed to state to the Board of directors of Avelair Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Avelair Limited and its Board of directors, as a body, for our work or for this report.

It is your duty to ensure that Avelair Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Avelair Limited. You consider that Avelair Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Avelair Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

MA Partners LLP

Chartered Accountants

7 The Close
Norwich
Norfolk
NR1 4DJ

18 January 2021

AVELAIR LIMITED
REGISTERED NUMBER: 02800984

BALANCE SHEET
AS AT 30 APRIL 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	6		136		153
Tangible assets	7		196,342		228,063
			<u>196,478</u>		<u>228,216</u>
Current assets					
Stocks	5	503,319		559,429	
Debtors: amounts falling due within one year	8	394,170		296,092	
Cash at bank and in hand		92,024		116,321	
		<u>989,513</u>		<u>971,842</u>	
Creditors: amounts falling due within one year	9	(349,826)		(422,762)	
Net current assets			<u>639,687</u>		<u>549,080</u>
Total assets less current liabilities			<u>836,165</u>		<u>777,296</u>
Creditors: amounts falling due after more than one year	10		(25,049)		(50,066)
Provisions for liabilities					
Deferred tax			(32,201)		(15,816)
Net assets			<u><u>778,915</u></u>		<u><u>711,414</u></u>
Capital and reserves					
Called up share capital			600,000		600,000
Profit and loss account			178,915		111,414
			<u><u>778,915</u></u>		<u><u>711,414</u></u>

AVELAIR LIMITED
REGISTERED NUMBER: 02800984

BALANCE SHEET (CONTINUED)
AS AT 30 APRIL 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 January 2021.

D J Wood (Managing Director)
Director

The notes on pages 4 to 11 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

1. General information

Avelair Limited is a private company, limited by shares, incorporated and domiciled in England and Wales. The address of its registered office is Unit C, Fred Castle Way, Rougham Industrial Estate, Bury St. Edmunds, Suffolk, IP30 9ND.

The Company's principal activity is that of the manufacture of air and gas compressors.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

In accordance with Government measures to contain the spread of COVID-19 throughout the UK, the Company was forced to temporarily suspend its operations following the nationwide lockdown on 23 March 2020, remaining on call for critical supplies and repairs only. The Company furloughed the majority of its workforce in accordance with the Government's Coronavirus Job Retention Scheme at this time.

Following two weeks of the nationwide lockdown, the Company received guidance from the British Compressed Air Society that companies still had to comply with the Pressure System Safety Regulations 2000 for the maintenance of compressed air systems and started to undertake service work again. From 1 May 2020, sales orders gradually began to increase and more staff were brought back from furlough.

The directors do not therefore consider COVID-19 to have had a significant impact on the Company's anticipated profits for the forthcoming financial year and are confident that it will continue to trade for a period of at least twelve months from the date of approval of the financial statements.

2.3 Revenue recognition

Turnover comprises revenue recognised by the Company from the sale of compressors and spare parts and the servicing and hire of equipment during the year, exclusive of Value Added Tax and trade discounts

Revenue is recognised when compressors and spare parts are delivered and servicing has been carried out. Hire charges are recognised on an accruals basis in terms of the hire days in the month equating to complete weeks.

2.4 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

2.6 Finance costs

Finance costs are charged to profit or loss 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.

2.7 Pensions

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 profit or loss 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.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.9 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.

The estimated useful lives range as follows:

Trademarks	-	10	years
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2.10 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Leasehold property	-	10%	straight line
Plant and machinery	-	10%	straight line
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	10%	straight line
Computer equipment	-	20%	straight line

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 profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

2. Accounting policies (continued)

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 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.

2.15 Financial instruments

The Company only enters into basic financial instruments 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 and loans to related parties.

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.

2.16 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.

3. Employees

The average monthly number of employees, including directors, during the year was 23 (2019 - 25).

AVELAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

4. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	15,643	-
Adjustments in respect of previous periods	541	-
Total current tax	<u>15,102</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(16,385)	(15,816)
Taxation on loss on ordinary activities	<u>(31,487)</u>	<u>(15,816)</u>

Factors affecting tax charge for the year

The Company utilised unrelieved tax losses brought forward from previous accounting periods to reduce the taxable profit for the year, calculated at the standard rate of tax in the UK of 19%.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

5. Stocks

	2020 £	2019 £
Raw materials	471,393	464,396
Finished goods	31,926	95,033
	<u>503,319</u>	<u>559,429</u>

AVELAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

6. Intangible assets

	Trademarks £
Cost	
At 1 May 2019 and 30 April 2020	170
	<hr/>
Amortisation	
At 1 May 2019	17
Charge for the year on owned assets	17
	<hr/>
At 30 April 2020	34
	<hr/>
Net book value	
At 30 April 2020	136
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<i>At 30 April 2019</i>	<i>153</i>
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AVELAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

7. Tangible fixed assets

	Leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation					
At 1 May 2019	54,940	114,345	243,094	156,397	568,776
Additions	-	4,393	17,469	15,389	37,251
Disposals	-	-	(18,980)	-	(18,980)
At 30 April 2020	54,940	118,738	241,583	171,786	587,047
Depreciation					
At 1 May 2019	54,940	70,074	115,831	99,868	340,713
Charge for the year on owned assets	-	7,725	10,804	13,378	31,907
Charge for the year on financed assets	-	-	25,145	4,080	29,225
Disposals	-	-	(11,140)	-	(11,140)
At 30 April 2020	54,940	77,799	140,640	117,326	390,705
Net book value					
At 30 April 2020	-	40,939	100,943	54,460	196,342
At 30 April 2019	-	44,271	127,263	56,529	228,063

8. Debtors

	2020 £	2019 £
Trade debtors	334,397	256,669
Other debtors	38,902	7,619
Prepayments and accrued income	20,871	31,804
	<u>394,170</u>	<u>296,092</u>

AVELAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020**

9. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	154,426	218,157
Corporation tax	15,643	-
Other taxation and social security	96,604	64,648
Obligations under finance lease and hire purchase contracts	27,734	39,436
Other creditors	10,072	10,530
Accruals and deferred income	45,347	89,991
	349,826	422,762

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

10. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Net obligations under finance leases and hire purchase contracts	23,507	48,303
Capital grant received	1,542	1,763
	25,049	50,066

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2020	2019
	£	£
Released to profit and loss account in instalments	1,542	1,763
	1,542	1,763

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.