

**Pacific A & E Limited**

**Directors' report and financial  
statements**

Registered number 3608112  
For the year ended 31 December 2015

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2015

### Principal activities

The company's only activity is to act as the holding company for Pacific Aerospace and Electronics (UK) Limited

### Directors and directors' interests

The directors who held office during the year were as follows

JH Smith (resigned 23 July 2015)  
DM Armour (resigned 27 November 2015)  
PJ Statile (resigned 23 July 2015)  
SC Keating (appointed 23 July 2015)  
VA Rajkumar (appointed 23 July 2015)  
IG Slater (appointed 23 July 2015)  
C Hyman (appointed 24 August 2015)  
S Holliday (appointed 24 August 2015)

No director has any interest in the shares of the company or any fellow UK subsidiary undertaking

### Business risks

In the directors opinion, the principal risks and uncertainties relating the company's investment in a subsidiary undertaking relate to

- its ability to maintain market share, in the face of global competition,
- suppliers cost increases, and
- tailoring production and internal reporting systems to maximise operational efficiency

### Employees

The company had no employees

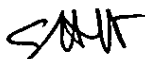
### Disclosure of information to auditor

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

### Auditor

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

By order of the board



S C Keating  
Director

Cosgrove Close  
Blackpole Industrial Estate  
Worcester  
WR3 8UA

12 September 2016

## Statement of directors' responsibilities

The directors are responsible for preparing the directors' report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgments 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 financial statements, and
- 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 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.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

## **Independent auditor's report to the members of Pacific A & E Limited**

We have audited the financial statements of Pacific A & E Limited for the year ended 31 December 2015 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Pacific A & E Limited *(continued)***

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report



**Graham Neale**(Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

13 September 2016

**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Operating result</b>		-	-
Amounts written off on investments	6	(3,383)	(291)
Interest payable and similar charges	4	(215)	(206)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(3,598)</b>	<b>(497)</b>
Taxation on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Loss for the financial year being total comprehensive loss for the year</b>		<b>(3,598)</b>	<b>(497)</b>
		<hr/> <hr/>	<hr/> <hr/>

All activity, in both current and preceding years, arises from continuing operations

The notes on page 8 to 12 form part of these financial statements

**Balance sheet**  
*at 31 December 2015*

	<i>Note</i>	<b>2015 £000</b>	<b>2014 £000</b>
<b>Fixed assets</b>			
Investments	6	2,567	5,950
<b>Current assets</b>			
Debtors (including £Nil (2014 £3,205) falling due after more than one year)	8	3,205	3,205
Creditors amounts falling due within one year	8	(2,168)	(2,168)
<b>Net current assets/(liabilities)</b>		<b>1,037</b>	<b>1,037</b>
Due within one year		1,037	(2,168)
Debtors due after more than one year		-	3,205
		<b>1,037</b>	<b>1,037</b>
<b>Total assets less current liabilities</b>		<b>3,604</b>	<b>6,987</b>
Creditors amounts falling due after more than one year	9	(5,052)	(4,837)
<b>Net (liabilities)/assets</b>		<b>(1,448)</b>	<b>2,150</b>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Share premium account	11	20,771	20,771
Profit and loss account	11	(22,219)	(18,621)
<b>Equity shareholder's (deficit)/funds</b>		<b>(1,448)</b>	<b>2,150</b>

The notes on pages 8 to 12 form part of these financial statements

These financial statements were approved by the Board of Directors on 12 September 2016 and signed on its behalf by



**SC Keating**  
*Director*

Company number 3608112



## Statement of Changes in Equity

	<b>Called up Share capital</b>	<b>Share Premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2014	-	20,771	(18,124)	2,647
<b>Total comprehensive income for the period</b>				
Loss for the year	-	-	(497)	(497)
Total comprehensive income for the period	-	-	(497)	(497)
<b>Balance at 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>20,771</b>	<b>(18,621)</b>	<b>2,150</b>
<b>Total comprehensive income for the period</b>				
Loss for the year	-	-	(3,598)	(3,598)
Total comprehensive income for the period	-	-	(3,598)	(3,598)
<b>Balance at 31 December 2015</b>	<b>-</b>	<b>20,771</b>	<b>(22,219)</b>	<b>(1,448)</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Pacific A & E Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In the transition to FRS 102 old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Aeromet Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Aeromet Holdings Limited are prepared in accordance with Financial Reporting Standards 102 available to the public and may be obtained from Cosgrove Close, Blackpole Industrial Estate, Worcester WR3 8LA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes

As the consolidated financial statements of Aeromet Holdings Limited include an equivalent disclosure, the Company has also taken the exemption under FRS 102 available in respect of:

- The disclosures required by FRS 102 11 *Basic Financial Instruments* and FRS 102 12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The explicit support of the ultimate parent company and its shareholders is a critical factor in reassuring the Directors that the Company has the necessary resource to remain in operational existence for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these financial statements.

#### 1.3 Basic financial instruments

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Expenses

##### *Interest receivable and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

### 2 Directors and staff

No director received any remuneration during the year. Other than the directors, the company had no employees during the period.

### 3 Auditor's remuneration

The audit fee for these financial statements is paid by Aeromet International Limited.

### 4 Interest payable and similar charges

	2015 £000	2014 £000
Interest payable on loans from group undertakings	215	206

### 5 Taxation

	2015 £000	2014 £000
<i>UK corporation tax</i>		
Current tax on loss for the year	-	-

#### *Tax reconciliation*

	2015 £000	2014 £000
Loss on ordinary activities before tax	(3,598)	(497)
Current tax at 20.25% (2014: 21.5%)	(729)	(107)
<i>Effects of</i> Non-taxable expenses	729	63
Total current tax charge/(credit) (see above)	-	-

## Notes (continued)

### 6 Fixed asset investments

	Shares in group undertakings £000
<b>Cost</b>	
At beginning and end of year	20,772
<b>Provisions</b>	
At beginning of year	14,822
Charge for the year	3,383
At end of year	18,205
<b>Net book value</b>	
At 31 December 2015	2,567
At 31 December 2014	5,950

Subsidiary undertakings during the year and at 31 December 2015 was

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Pacific Aerospace & Electronics (UK) Limited	Great Britain	Intermediate Holding Company	100% of ordinary shares
Aeromet International Limited	Great Britain	Manufacture of aerospace components	100% of ordinary shares (Indirectly)
Frank Ford (Aircraft Components) Ltd	Great Britain	Dormant	100% of ordinary shares (Indirectly)
Kent Aerospace Ltd	Great Britain	Dormant	100% of ordinary shares (Indirectly)
TKR Aerospace Ltd	Great Britain	Dormant	100% of ordinary shares (Indirectly)
T K R Group limited	Great Britain	Dormant	100% of ordinary shares (Indirectly)
TKR International Ltd	Great Britain	Dormant	100% of ordinary shares (Indirectly)
Truflo Gas Turbines	Great Britain	Dormant	100% of ordinary shares (Indirectly)

**Notes (continued)**

**7 Debtors**

	2015 £000	2014 £000
Amounts due from group undertakings	3,205	-

	2015 £000	2014 £000
<i>Debtors due after more than one year</i>		
Amounts due from group undertakings	-	3,205

**8 Creditors: amounts falling due within one year**

	2015 £000	2014 £000
Amounts due to group undertakings	2,168	2,168

**9 Creditors: amounts falling due after more than one year**

	2015 £000	2014 £000
Amount due to group undertakings	5,052	4,837

The loan from group undertakings of £5,052,000 falling due after more than one year is unsecured and repayable after a notice period of 12 months. Interest is currently payable at the rate of LIBOR plus 4% per annum. The Parent undertaking has confirmed that repayment will be not sought until such a date that the Company has sufficient financial resource to be able to settle the loan.

**10 Called up share capital**

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	-	-

**11 Share premium and reserves**

	Share premium account £000	Profit and loss account £000
At beginning of year	20,771	(18,621)
Loss for the financial year	-	(3,598)
<b>At end of year</b>	<b>20,771</b>	<b>(22,219)</b>

## Notes (continued)

### 12 Reconciliation of movement in shareholder's funds

	2015 £000	2014 £000
Loss for the financial year	(3,598)	(497)
Equity shareholder's funds at beginning of year	2,150	2,647
Equity shareholder's (deficit)/funds at end of year	(1,448)	2,150

### 13 Ultimate parent company

The immediate parent company throughout the year was PA & E Inc, a company incorporated in the USA. The ultimate parent company and controlling party until 23 July 2015 was Aeromet Holdings Inc, a company incorporated in the USA. On the 23 July 2015 Aeromet Holdings Limited acquired the shares of Aeromet Holdings Inc. The directors consider the ultimate UK parent company and controlling party as at the balance sheet date to be Aeromet Holdings Limited. Copies of the consolidated financial statements of Aeromet Holdings Limited may be obtained from Cosgrove Close, Blackpole Industrial Estate, Worcester, WR3 8UA. No other group financial statements include the results of this company.

### 14 Accounting estimates and judgements

There are no key sources of estimation uncertainty or critical accounting judgements in applying the Company's accounting policies.

### 15 Related parties

Under FRS 102 Section 33.1 Related party disclosures, the company is exempt from the requirement to disclose transactions with group undertakings, or investees of the group, on the grounds that it is a wholly owned subsidiary undertaking of Aeromet Holdings Limited, and its results are included in the consolidated financial statements of that company.