

Pacific A & E Limited

**Directors' report and financial
statements**

**Registered number 3608112
For the year ended 31 December 2017**

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Principal activities and business review

The company's only activity is to act as the holding company for Pacific Aerospace and Electronics (UK) Limited. During the year, the company received a capital contribution of £Nil (2016: £5,052,000) and an impairment provision of £1,859,000 (2016: £311,000) was made.

The directors took advantage of the small companies' exemption not to prepare a Strategic report or enhanced business review.

Directors and directors' interests

The directors who held office during the year were as follows:

SC Keating
VA Rajkumar
IG Slater

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 relate to the company's investment in its subsidiary undertaking.

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

25 September 2018

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 *The 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 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 financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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
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Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

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

Opinion

We have audited the financial statements of Pacific A & E Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Graham Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

27 September 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Operating result		-	-
Amounts written off on investments	5	(1,859)	(311)
Loss before taxation		<u>(1,859)</u>	<u>(311)</u>
Taxation on loss	4	-	-
Loss for the financial year being total comprehensive loss for the year		<u><u>(1,859)</u></u>	<u><u>(311)</u></u>

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

The notes on page 8 to 11 form part of these financial statements.

Balance sheet
at 31 December 2017

	<i>Note</i>	2017 £000	£000	2016 £000	£000
Fixed assets					
Investments	5		397		2,256
Current assets					
Debtors	6	3,205		3,205	
Creditors: amounts falling due within one year	7	(2,168)		(2,168)	
Net current assets/(liabilities)			<u>1,037</u>		<u>1,037</u>
Total assets less current liabilities			<u>1,434</u>		<u>3,293</u>
Net assets			<u>1,434</u>		<u>3,293</u>
Capital and reserves					
Called up share capital	8	-		-	
Share premium account		20,771		20,771	
Profit and loss account		(19,337)		(17,478)	
Equity shareholder's funds/(deficit)			<u>1,434</u>		<u>3,293</u>

The notes on pages 8 to 11 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 September 2018 and signed on its behalf by:



SC Keating
Director

Company number: 3608112

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	-	20,771	(22,219)	(1,448)
Total comprehensive income for the period				
Loss for the year	-	-	(311)	(311)
Capital contribution received	-	-	5,052	5,052
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	4,741	4,741
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	-	20,771	(17,478)	3,293
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2017	-	20,771	(17,478)	3,293
Total comprehensive income for the period				
Loss for the year	-	-	(1,859)	(1,859)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(1,859)	(1,859)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	-	20,771	(19,337)	1,434
	<hr/>	<hr/>	<hr/>	<hr/>

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 England in the UK. The company's registration number is 03608112 and the registered address is Cosgrove Close, Blackpole Industrial Estate, Worcester, WR3 8UA.

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.

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 8UA. 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 10.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

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 year.

3 Auditor's remuneration

The audit fee of £2,000 (2016: £2,000) is paid by Aeromet International Limited.

4 Taxation

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on loss for the year	-	-
	<hr/>	<hr/>
<i>Tax reconciliation</i>		
	2017 £000	2016 £000
Loss before tax	(1,859)	(311)
	<hr/>	<hr/>
Current tax at 19.25% (2016: 20%)	(358)	(62)
<i>Effects of:</i>		
Non-taxable expenses	358	62
	<hr/>	<hr/>
Total current tax charge/(credit) (see above)	-	-
	<hr/>	<hr/>

Notes (continued)

5 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning and end of year	20,772
Provisions	
At beginning of year	18,516
Charge for the year	1,859
At end of year	20,375
Net book value	
At 31 December 2017	397
At 31 December 2016	2,256

Subsidiary undertakings during the year and at 31 December 2017 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)

The registered office of all subsidiary undertakings is Cosgrove Close, Blackpole Industrial Estate, Worcester, WR3 8UA.

6 Debtors

	2017 £000	2016 £000
Amounts due from group undertakings	3,205	3,205

Notes (continued)

7 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts due to group undertakings	2,168	2,168

8 Called up share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid:</i>		
1 ordinary share of £1	-	-

9 Ultimate parent company

The immediate parent company throughout the year was Aeromet Holdings Limited. The directors consider the ultimate UK parent company and controlling party as at the balance sheet date to be Aeromet Holdings Limited.

On 31 December 2016, the parent company, PA & E Inc., sold the company directly to 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.

10 Accounting estimates and judgements

In the opinion of the directors, there are no key sources of estimation uncertainty.

The only judgement in these financial statements is the carrying value of the company's investment in Pacific Aerospace & Electronics (UK) Limited which is held at a net asset valuation.

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.