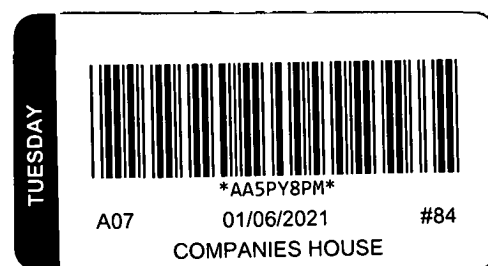


Pacific A & E Limited

Annual report and financial statements

Registered number 3608112

For the year ended 31 December 2020



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Strategic report

Business review and principal activities

As part of a restructuring exercise across the Aeromet Holdings Group, intercompany loans have been written off realising a net charge of £1,037,000 in Pacific A&E Limited

Principal risks and uncertainties

Other than the restructuring exercise, the company has remained dormant throughout the current and proceeding period. Further details in respect of the group can be found in the accounts of Aeromet Holdings Limited

Health, safety and the environment

Other than the restructuring exercise, the company has remained dormant throughout the current and proceeding period. Further details in respect of the group can be found in the accounts of Aeromet Holdings Limited

Events after the year end

Other than the restructuring exercise, the company has remained dormant throughout the current and proceeding period. Further details in respect of the group can be found in the accounts of Aeromet Holdings Limited

By order of the board



S C Keating
Director

28 May 2021

Director's report

The director presents their annual report and the audited financial statements for the year ended 31 December 2020.

Principal activities and business review

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:

SC Keating
VA Rajkumar (Resigned 3rd June 2020)
IG Slater (Resigned 3rd June 2020)

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

Business risks

In the director's 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 director who held office at the date of approval of this director's report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the 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

Crowe UK LLP are re-appointed as the auditors

This report was approved by the board on 28 May 2021 and signed on its behalf.

By order of the board



S C Keating
Director

Cosgrove Close
Blackpole Industrial Estate
Worcester
WR3 8UA

28 May 2021

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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 director 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 director is required to:

- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- 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 director is 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.

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

Opinion

We have audited the financial statements of Aeromet International Limited for the year ended 31 December 2020 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the 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 at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's 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.

Going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 directors' report.

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

- adequate accounting records have not been kept by the company, 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 directors' responsibilities statement set out on page 3, 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 is 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.

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

Auditor's 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 an auditor's report 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.

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. This description forms part of our auditor's report.

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 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.

Crowe OK CCP

Darren Rigden
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Riverside House
40-46 High Street
Maidstone
Kent
ME14 1JH

Date: 28th May 2021

Profit and loss account and other comprehensive income
for the year ended 31 December 2020

	<i>Note</i>	2020 £000	2019 £000
Operating result		-	-
Charge on write off of intercompany debt	5	(1,037)	-
Result before taxation		(1,037)	-
Taxation on loss	4	-	-
Result before taxation for the financial year being total comprehensive loss for the year		(1,037)	-

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

The notes on page 10 to 14 form part of these financial statements.

Balance sheet
at 31 December 2020

	<i>Note</i>	2020 £000	2019 £000	£000
Fixed assets				
Investments	5	397		397
Current assets				
Debtors	6	-	3,205	
Creditors: amounts falling due within one year	7	-	(2,168)	
Net current assets		-		1,037
Total assets less current liabilities		397		1,434
Net assets		397		1,434
Capital and reserves				
Called up share capital	8	-	-	-
Share premium account		20,771	20,771	
Profit and loss account		(20,374)	(19,337)	
Equity shareholder's funds		397		1,434

The notes on pages 10 to 14 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 May 2021 and signed on its behalf by:



S C 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 2019	-	20,771	(19,337)	1,434
Total comprehensive income for the period				
Loss for the year	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Balance at 31 December 2019	-	20,771	(19,337)	1,434
Balance at 1 January 2020	-	20,771	(19,337)	1,434
Total comprehensive income for the period	-	-	-	-
Loss for the year	-	-	(1,037)	(1,037)
Total comprehensive income for the period	-	-	-	-
Balance at 31 December 2020	-	20,771	(20,374)	397

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 Aeromet Building, 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 Aeromet Building, 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 director, 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 company has net assets of £397,000 as at 31 December 2020 and the financial statements have been prepared on a going concern basis which the director consider to be appropriate for the following reasons.

The company is an intermediary holding company of the Aeromet Holdings Limited group whose funding is reliant on shareholder loans provided to Aeromet Holdings Limited by Privet Capital Special Situations I LP (‘the Investor’). The Investor has confirmed to Aeromet Holdings Limited that they will not seek repayment of these loans or accumulated interest until the Group is able to repay such loans and settle its other liabilities as they fall due. At the date of signing these accounts these loans and accumulated interest amounted to £8.8m.

On the basis of their assessment of the company’s financial position including the impact of the COVID-19 pandemic, the facts and circumstances noted above, and of the enquiries made of the directors of the company’s ultimate parent the company’s director has a reasonable expectation that the company will continue in operational existence and meet its liabilities as they fall due for the period of 12 months from the date of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

Notes (Continued)

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.

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 (2019: £2,000) is paid by Aeromet International Limited.

Notes (continued)

4 Taxation

	2020 £000	2019 £000
<i>UK corporation tax</i>		
Current tax on loss for the year	-	-

Tax reconciliation

	2020 £000	2019 £000
Loss before tax	(1,037)	-
Current tax at 19% (2020: 19.25%)	(197)	-
<i>Effects of:</i>		
Non-taxable expenses	197	-
Total current tax charge/(credit) (see above)	-	-

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax as at 31 December 2020 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

5 Fixed asset investments

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	20,772
<i>Provisions</i>	
At beginning of year	20,375
Charge for the year	-
At end of year	20,375
<i>Net book value</i>	
At 31 December 2020	397
At 31 December 2020	397

Notes (continued)

Subsidiary undertakings during the year and at 31 December 2020 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 Aeromet Building, Cosgrove Close, Blackpole Industrial Estate, Worcester, WR3 8UA.

6 Debtors

	2020 £000	2019 £000
Amounts due from group undertakings	-	3,205

7 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts due to group undertakings	-	2,168

The amounts due to group undertaking are unsecured and bear no interest

8 Called up share capital

	2020 £000	2019 £000
<i>Allotted, called up and fully paid:</i>		
1 ordinary share of £1	-	-

Notes *(continued)*

9 Ultimate parent company

The immediate parent company throughout the year was Aeromet Holdings Limited. The director considers the ultimate UK parent company to be Aeromet Holdings Limited and the ultimate controlling party to be Privet Capital Special Situations I LP as at the balance sheet date.

Copies of the consolidated financial statements of Aeromet Holdings Limited may be obtained from Aeromet Building, 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 director, 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 an adjusted valuation based on minimum expected future cashflows or net assets of its trading subsidiary.

11 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.