

Company Registration No. 04021429 (England and Wales)

AEROSPARES 2000 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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AEROSPARES 2000 LIMITED

COMPANY INFORMATION

Director	Adam M Nemenyi
Secretary	Adam M Nemenyi
Company number	04021429
Registered office	Units 4 & 5 Garnett Close Watford Herts WD24 7GN
Auditor	Hazlems Fenton LLP Chartered Accountants Palladium House 1-4 Argyll Street London W1F 7LD
Business address	Units 4 & 5 Garnett Close Watford Herts WD24 7GN

AEROSPARES 2000 LIMITED

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AEROSPARES 2000 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his strategic report and financial statements for the year ended 31 December 2016.

Fair review of the business

The aircraft parts industry remained a challenging marketplace during the year and the company's main focus has been to continue growing the business. The company is self-financed and as a consequence, the Director believes that it is well placed to manage its business risks successfully despite the current uncertain economic climate.

The Director considers the profit achieved on ordinary activities before taxation to be satisfactory given the general economic climate.

Principal risks and uncertainties

Our primary financial risk management objective is to ensure sufficient working capital for the company. This is achieved by careful management of our cash balances. The main risks facing the company include currency, credit and liquidity.

Currency risk

The company conducts substantially all of its business in US Dollars, the currency that the international commercial aviation industry uses in order to set market prices for goods and services. For this reason, the company is exposed to risk from exchange rate fluctuations when converting US Dollars to Pounds Sterling, which it needs to defray certain administrative overhead expenses. The company mitigates the risk by operating various foreign currency bank accounts. With zero external borrowing, the company is not exposed to interest rate risk.

Credit & Liquidity risk

Working capital is monitored and managed to ensure that cash receivable from debtors is available in a timely manner that allows credit obligations to be met. Successful management of liquidity has meant that the company currently carries no overdraft or bank loans on its balance sheet.

Trade debtors are, where appropriate, subject to a credit check, and regular reviews are undertaken of exposures to key customers and those where known risks have arisen or still persist. Unpaid balances are rigorously followed up on an ongoing basis. Any indications of impairment to the recoverability of trade debtor balances are provided for in the profit and loss account.

The risk arising from the possible non - advance of credit by the company's trade creditors either by exceeding the credit limit or not paying within the specified terms is managed by prompt payment and regular monitoring of the trade balance and credit limit terms for all suppliers.

Development and performance

During the year, turnover increased by a respectable 48.10% to £18,626,541 (2015: £12,576,516). Turnover is a key performance indicator for our business as it measures the total output of the business at the prices we are able to charge our customers. Another key performance indicator is the gross profit achieved on turnover. This increased year on year by 48.61% to £5,243,953 (2015: £3,528,715) and is a positive reflection that despite the significant increase in turnover, that profit margins were maintained as well.

After opening its first overseas facility in Miami, USA in January 2016, the company applied concerted efforts to expand its revenue in N. & S. America, and is pleased with the 77.94% increase in Turnover from this region (2016: £2,203,280, 2015: £1,238,172).

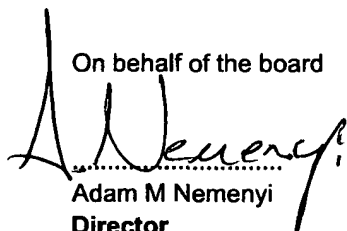
One of the main non-financial key performance indicators is that whilst turnover increased by 48.10%, the average number of employees only increased by 7.7% (2016: 14, 2015: 13). This reflects the company's improvement in efficiency by increasing total output whilst utilizing a similar level of human resources as the previous year.

AEROSPARES 2000 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board



Adam M Nemenyi

Director

19.04.17

AEROSPARES 2000 LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company during the year remained that of supplying civil aircraft spare-parts to a global customer base consisting of airlines and maintenance companies.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Adam M Nemenyi

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Financial instruments and financial risk management

The company's financial instruments comprise cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main financial risks arising from these financial instruments are currency, credit and liquidity risk.

The financial risks arising from these financial instruments are considered low because of the nature of the industry structure and its culture. The company proactively manages all aspects of its work in order to either remove or reduce any financial risks. The company does not use any financial derivatives.

Financial risk management objectives and policies are included in Strategic Report under Principal Risks and Uncertainties.

Future developments

The company plans further organic growth by making use of its strong liquid position. In line with the company's commitment to expand its turnover in Asia, the company plans to establish its second overseas facility which will be located in Singapore.

Auditor

The auditor, Hazlems Fenton LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

AEROSPARES 2000 LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of director's responsibilities

The director is responsible for preparing the annual 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 the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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:

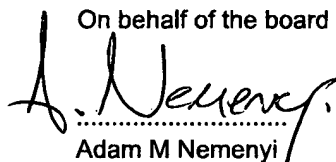
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Adam M Nemenyi

Director

19.04.17.....

AEROSPARES 2000 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AEROSPARES 2000 LIMITED

We have audited the financial statements of Aerospares 2000 Limited for the year ended 31 December 2016 set out on pages 7 to 25. 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), including FRS 102 "The 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 director and auditor

As explained more fully in the Director's Responsibilities Statement set out on pages 3 - 4, the director is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 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 Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AEROSPARES 2000 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AEROSPARES 2000 LIMITED

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.



**Stephen Fenton (Senior Statutory Auditor)
for and on behalf of Hazlems Fenton LLP**

20.4.2017
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**Chartered Accountants
Statutory Auditor**

Palladium House
1-4 Argyll Street
London
W1F 7LD

AEROSPARES 2000 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	18,626,541	12,576,516
Cost of sales		(13,382,588)	(9,047,801)
Gross profit		5,243,953	3,528,715
Administrative expenses		(1,126,793)	(917,578)
Operating profit	4	4,117,160	2,611,137
Interest receivable and similar income	7	2,621	-
Interest payable and similar expenses	8	-	(1,259)
Profit before taxation		4,119,781	2,609,878
Taxation	9	(830,621)	(534,860)
Profit for the financial year	19	3,289,160	2,075,018

The profit and loss account has been prepared on the basis that all operations are continuing operations.

AEROSPARES 2000 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Profit for the year	3,289,160	2,075,018
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,289,160</u>	<u>2,075,018</u>

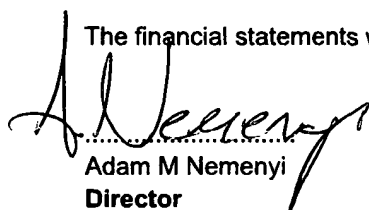
AEROSPARES 2000 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	10		41,495		43,492
Current assets					
Stocks	12	7,874,153		5,271,439	
Debtors	13	3,511,917		2,719,965	
Cash at bank and in hand		1,910,330		860,662	
		<u>13,296,400</u>		<u>8,852,066</u>	
Creditors: amounts falling due within one year	14	<u>(3,246,851)</u>		<u>(2,093,674)</u>	
Net current assets			10,049,549		6,758,392
Total assets less current liabilities			<u>10,091,044</u>		<u>6,801,884</u>
Provisions for liabilities	16		(7,829)		(7,829)
Net assets			<u>10,083,215</u>		<u>6,794,055</u>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss reserves	19		10,083,115		6,793,955
Total equity			<u>10,083,215</u>		<u>6,794,055</u>

The financial statements were approved and signed by the director and authorised for issue on 19.04.17


Adam M Nemenyi
Director

Company Registration No. 04021429

AEROSPARES 2000 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015		100	4,718,937	4,719,037
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	2,075,018	2,075,018
Balance at 31 December 2015		100	6,793,955	6,794,055
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	3,289,160	3,289,160
Balance at 31 December 2016		100	10,083,115	10,083,215

AEROSPARES 2000 LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	24	2,148,070		198,729	
Interest paid		-		(1,259)	
Income taxes paid		(721,018)		(534,075)	
Net cash inflow/(outflow) from operating activities		1,427,052		(336,605)	
Investing activities					
Purchase of tangible fixed assets		(30,005)		(28,038)	
Proceeds on disposal of tangible fixed assets		-		7,958	
Proceeds from other investments and loans		(350,000)		-	
Interest received		2,621		-	
Net cash used in investing activities		(377,384)		(20,080)	
Net cash used in financing activities		-		-	
Net increase/(decrease) in cash and cash equivalents		1,049,668		(356,685)	
Cash and cash equivalents at beginning of year		860,662		1,217,347	
Cash and cash equivalents at end of year		1,910,330		860,662	

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Aerospares 2000 Limited is a company limited by shares incorporated in England and Wales. The registered office is at Units 4 & 5, Garnett Close, Watford, Herts, WD24 7GN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Sale of goods

Revenue in respect of parts supplied both as outright sales and on exchange is recognised on delivery to the customer.

Rendering of services

Revenue for services supplied, such as repair charges, exchange charges, outright sales charges, are recognised on completion of the service.

Revenue received from ancillary services is recognised when the right to receive payment is established, which is normally at the date of the transaction.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings and equipment	25% Straight line
Motor vehicles	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value.

The cost of stocks of aircraft parts is based on the cost of purchase on a first in, first out basis.

The cost of aircraft parts which can be repaired and reused is based on the cost of purchase of the original aircraft part. When an item of stock is issued in exchange for a used part the reused item is refurbished and entered into the stock pool. The cost of refurbishment is expensed.

Net realisable value of all stock is based on estimated selling price less costs of disposal.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

For slow moving stock, its value is not discounted as the company anticipates that it can always be sold.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade debtors and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade debtors, loans and other debtors are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term debtors when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade creditors, other creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax represents amounts either payable or repayable which is based upon taxable profit as determined by relevant company tax legislation.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employees' services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company makes contributions to the personal pension plans of the director and key staff. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements and estimates

The following are the critical accounting estimates and judgements that have had the most significant effect on amounts recognised in the financial statements.

Stock

The company writes down stock to net realisable value based on an estimate of the realisability of stock. Writedowns on stock are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate or judgement, such difference will impact the carrying value of stock and write-downs of stock in the periods in which such estimates or judgements have been changed. The accounting policy of stocks is described in note 1.6. At the year end the carrying amount of stocks is stated in note 12.

Impairment of trade debtors

The company reviews trade debtor balances for impairment and this is performed on a regular basis. Those balances which are considered to be recoverable remain in trade debtors and those which are not, are impaired and the impairment loss is recorded in the profit or loss. In making this judgement, the company evaluates, among other factors, the duration and the financial health of and short-term business outlook for the trade debtors, including factors such as industry and sector performance. The accounting policy of trade debtors is described in note 1.8. At the year end the carrying amount of trade debtors is stated in note 13.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sale of goods	10,889,029	8,806,481
Rendering of services	7,737,512	3,770,035
	<u>18,626,541</u>	<u>12,576,516</u>
 Other significant revenue		
Interest income	<u>2,621</u>	<u>-</u>

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £	2015 £
Europe	14,638,478	9,240,371
Asia	1,555,260	1,833,552
Americas	2,203,280	1,238,172
Africa	229,523	264,421
	<u>18,626,541</u>	<u>12,576,516</u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(325,592)	(27,091)
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	12,000
Depreciation of owned tangible fixed assets	32,002	25,667
(Loss)/profit on disposal of tangible fixed assets	-	(3,125)
Cost of stocks recognised as an expense	13,708,180	8,988,253
Operating lease charges	69,780	60,000
	<u>13,797,970</u>	<u>9,055,704</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administration	4	4
Sales	5	5
Warehouse	5	4
	<u>14</u>	<u>13</u>

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	440,914	333,317
Social security costs	42,633	33,834
Pension costs	109,391	80,761
	<u>592,938</u>	<u>447,912</u>

6 Director's remuneration

	2016 £	2015 £
Remuneration for qualifying services	31,141	29,442
Company pension contributions to defined contribution schemes	64,000	24,000
	<u>95,141</u>	<u>53,442</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	<u>2,621</u>	<u>-</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>2,621</u>	<u>-</u>
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8 Interest payable and similar expenses

	2016 £	2015 £
Other finance costs:		
Other interest	<u>-</u>	<u>1,259</u>
	<u>-</u>	<u>1,259</u>

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	830,621	536,222
Deferred tax		
Origination and reversal of timing differences	-	(1,362)
Total tax charge	830,621	534,860

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	4,119,781	2,609,878
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	823,956	528,500
Tax effect of expenses that are not deductible in determining taxable profit	6,266	1,328
Depreciation add back	6,400	5,198
Capital allowances	(6,001)	(4,066)
Other tax adjustments	-	5,262
Fixed asset timing differences	-	(1,362)
Tax expense for the year	830,621	534,860

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Tangible fixed assets

	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2016	81,910	16,093	98,003
Additions	30,005	-	30,005
At 31 December 2016	111,915	16,093	128,008
Depreciation and impairment			
At 1 January 2016	50,488	4,023	54,511
Depreciation charged in the year	27,979	4,023	32,002
At 31 December 2016	78,467	8,046	86,513
Carrying amount			
At 31 December 2016	33,448	8,047	41,495
At 31 December 2015	31,422	12,070	43,492

11 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,413,144	2,606,578
Carrying amount of financial liabilities		
Measured at amortised cost	2,756,184	1,723,159

12 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	7,874,153	5,271,439

13 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	3,063,144	2,606,578
Other debtors	408,967	78,655
Prepayments and accrued income	39,806	34,732
	3,511,917	2,719,965

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Debtors

(Continued)

Trade debtors disclosed above are measured at amortised cost.

An impairment loss of £148,859 (2015: £93,440) has been recognised against trade debtors.

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,127,080	1,350,351
Corporation tax	465,795	356,192
Other taxation and social security	24,872	14,323
Other creditors	158,528	145,872
Accruals and deferred income	470,576	226,936
	<u>3,246,851</u>	<u>2,093,674</u>

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	<u>7,829</u>	<u>7,829</u>

There were no deferred tax movements in the year.

The balance of deferred tax liabilities carried forward at 31 December 2016 relates solely to accelerated capital allowances, in that the company has received allowances for the cost of fixed assets before the full cost of the fixed assets are recognised in the profit and loss account.

16 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	15	<u>7,829</u>	<u>7,829</u>
		<u>7,829</u>	<u>7,829</u>

17 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>109,391</u>	<u>80,761</u>

The company operates a defined contribution pension scheme for all qualifying employees. The contributions are made to each employee's own personal pension plan.

18 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	6,793,955	4,718,937
Profit for the year	3,289,160	2,075,018
At the end of the year	<u>10,083,115</u>	<u>6,793,955</u>

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	<u>60,000</u>	<u>60,000</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of the director and other members of key management during the year was as follows:

	2016 £	2015 £
Aggregate compensation	<u>252,789</u>	<u>168,186</u>

Entities with control, joint control or significant influence over the entity

Dividends of £Nil (2015 - £Nil) were paid to Nextgen Limited, the immediate and ultimate parent company.

22 Directors' transactions

During the year, the company provided a loan of £350,000 (2015 - £Nil) to the director. The loan was repaid in February 2017 and interest of £4,497 (2015 - £Nil) was charged.

23 Controlling party

The immediate and ultimate parent company is Nextgen Limited, a company registered in Jersey. Aerospares 2000 Limited is a wholly owned subsidiary of Nextgen Limited. Nextgen Limited does not prepare group accounts. Nextgen Limited also does not produce financial statements available for public use.

The ultimate controlling party is Baba Sababa Trust, which is registered in Jersey. Baba Sababa Trust does not produce financial statements available for public use.

AEROSPARES 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	3,289,160	2,075,018
Adjustments for:		
Taxation charged	830,621	534,860
Finance costs	-	1,259
Investment income	(2,621)	-
Gain on disposal of tangible fixed assets	-	(3,125)
Depreciation and impairment of tangible fixed assets	32,002	25,667
Movements in working capital:		
(Increase) in stocks	(2,602,714)	(1,764,479)
(Increase) in debtors	(441,952)	(601,256)
Increase/(decrease) in creditors	1,043,574	(69,215)
Cash generated from operations	<u>2,148,070</u>	<u>198,729</u>