

Financial Statements for the Year Ended 31 August 2019

for

HSM Aero Limited

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for the Year Ended 31 August 2019**

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HSM Aero Limited

**Company Information
for the Year Ended 31 August 2019**

DIRECTOR: D F Hammond

SECRETARY: D F Hammond

REGISTERED OFFICE: Aerospace Logistic Centre
Fifth Avenue
Letchworth
Hertfordshire
SG6 2TS

REGISTERED NUMBER: 04794306 (England and Wales)

AUDITORS: Godfrey Laws & Co Limited
Statutory Auditors
69 Knowl Piece
Wilbury Way
Hitchin
Hertfordshire
SG4 0TY

HSM Aero Limited (Registered number: 04794306)**Balance Sheet
31 August 2019**

	Notes	31.8.19 £	£	31.8.18 £	£
FIXED ASSETS					
Tangible assets	4		1,638,499		1,878,388
CURRENT ASSETS					
Stocks		1,193,569		662,400	
Debtors	5	1,891,661		1,429,904	
Cash at bank and in hand		16,962		34,774	
		3,102,192		2,127,078	
CREDITORS					
Amounts falling due within one year	6	3,327,276		2,626,820	
NET CURRENT LIABILITIES			(225,084)		(499,742)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,413,415		1,378,646
CREDITORS					
Amounts falling due after more than one year	7		(582,689)		(744,805)
PROVISIONS FOR LIABILITIES			(159,159)		(172,123)
NET ASSETS			671,567		461,718
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			671,467		461,618
SHAREHOLDERS' FUNDS			671,567		461,718

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the director and authorised for issue on 27 August 2020 and were signed by:

D F Hammond - Director

**Notes to the Financial Statements
for the Year Ended 31 August 2019**

1. STATUTORY INFORMATION

HSM Aero Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	15% on reducing balance
Plant and machinery	25% on reducing balance and 10% on cost
Fixtures and fittings	15% on reducing balance
Motor vehicles	20% on cost
Office equipment	15% on reducing balance

During the year the company changed the accounting estimate of some of the Plant and machinery assets from 25% reducing balance to 10% on cost on the basis that the revised estimate represents a more reliable and relevant useful life of the asset.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2019**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Discounted debts

At 31st August 2019 the trade debtors totalling £1,297,631 had been discounted and an amount of £754,791 had been advanced to the company under this financing agreement. The financial statements reflect a separate presentation i.e. gross discounted debts are included within assets and proceeds received from factors are included within liabilities. The factor's charges are accrued as arising and included within the profit and loss account.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 102 (2018 - 55) .

4. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 September 2018	208,931	2,575,944	224,448
Additions	8,157	14,542	4,515
At 31 August 2019	<u>217,088</u>	<u>2,590,486</u>	<u>228,963</u>
DEPRECIATION			
At 1 September 2018	49,701	1,097,191	73,356
Charge for year	24,944	214,090	23,168
At 31 August 2019	<u>74,645</u>	<u>1,311,281</u>	<u>96,524</u>
NET BOOK VALUE			
At 31 August 2019	<u>142,443</u>	<u>1,279,205</u>	<u>132,439</u>
At 31 August 2018	<u>159,230</u>	<u>1,478,753</u>	<u>151,092</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

4. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Office equipment £	Totals £
COST			
At 1 September 2018	73,219	18,961	3,101,503
Additions	-	14,414	41,628
At 31 August 2019	<u>73,219</u>	<u>33,375</u>	<u>3,143,131</u>
DEPRECIATION			
At 1 September 2018	801	2,066	1,223,115
Charge for year	<u>14,641</u>	<u>4,674</u>	<u>281,517</u>
At 31 August 2019	<u>15,442</u>	<u>6,740</u>	<u>1,504,632</u>
NET BOOK VALUE			
At 31 August 2019	<u>57,777</u>	<u>26,635</u>	<u>1,638,499</u>
At 31 August 2018	<u>72,418</u>	<u>16,895</u>	<u>1,878,388</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 September 2018 and 31 August 2019	<u>1,681,661</u>
DEPRECIATION	
At 1 September 2018	465,206
Charge for year	<u>173,257</u>
At 31 August 2019	<u>638,463</u>
NET BOOK VALUE	
At 31 August 2019	<u>1,043,198</u>
At 31 August 2018	<u>1,216,455</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19 £	31.8.18 £
Trade debtors	1,264,391	1,164,450
Amounts owed by group undertakings	532,702	199,932
Other debtors	<u>94,568</u>	<u>65,522</u>
	<u>1,891,661</u>	<u>1,429,904</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19	31.8.18
	£	£
Hire purchase contracts (see note 8)	325,736	367,721
Trade creditors	1,423,210	983,079
Amounts owed to group undertakings	344,036	82,166
Taxation and social security	224,282	168,616
Other creditors	1,010,012	1,025,238
	<u>3,327,276</u>	<u>2,626,820</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.19	31.8.18
	£	£
Hire purchase contracts (see note 8)	<u>582,689</u>	<u>744,805</u>

8. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.8.19	31.8.18
	£	£
Net obligations repayable:		
Within one year	325,736	367,721
Between one and five years	582,689	744,805
	<u>908,425</u>	<u>1,112,526</u>

	Non-cancellable operating leases	
	31.8.19	31.8.18
	£	£
Within one year	7,962	-
Between one and five years	40,015	84,412
In more than five years	521,700	683,850
	<u>569,677</u>	<u>768,262</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2019**

9. SECURED DEBTS

The following secured debts are included within creditors:

	31.8.19	31.8.18
	£	£
Hire purchase contracts	908,425	1,112,526
Discounted debts	754,791	676,402
	<u>1,663,216</u>	<u>1,788,928</u>

Securities include:

Fixed and floating charge created in favour of Svenska Handelsbanken AB (PUBL) to cover all property or undertaking of the company. The charge includes a negative pledge.

Fixed charge over non-vesting debts within the Invoice finance facility.

The company has a cross guarantee with its fellow group companies:

Cabinair Services Ltd
 SATTO Solutions Ltd
 Specialist Aviation Manufacturing Ltd.
 Specialist Aviation Holding Ltd
 Specialist Aviation Ltd
 Hermitage S M Ltd

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Howard Ashmore FCA (Senior Statutory Auditor)
 for and on behalf of Godfrey Laws & Co Limited

11. RELATED PARTY DISCLOSURES

At the balance sheet date the following amounts are due from companies under common control:

Hermitage SM Limited	£71,895
SATTO Solutions Limited	£3,037
Specialist Aviation Holdings Limited	£257,770
Cabinair Services Limited	£200,000

At the balance sheet date the following amounts are due to companies under common control:

Specialist Aviation Limited	£340,047
Specialist Aviation Manufacturing Limited	£3,989

The ultimate controlling party is D F Hammond.

12. ULTIMATE PARENT COMPANY

The ultimate parent company is Specialist Aviation Holdings Limited, the registered office is: Aerospace Logistics Centre, Fifth Avenue, Letchworth Garden City, Herts SG6 2TS

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.