

REGISTERED NUMBER: 04794306 (England and Wales)

Financial Statements for the Year Ended 31 August 2017

for

HSM Aero Limited

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for the Year Ended 31 August 2017**

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HSM Aero Limited

**Company Information
for the Year Ended 31 August 2017**

DIRECTORS:

D E Spencer
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
69 Knowl Picce
Wilbury Way
Hitchin
Hertfordshire
SG4 0TY

HSM Aero Limited (Registered number: 04794306)

Balance Sheet
31 August 2017

	Notes	31.8.17 £	£	31.8.16 £	£
FIXED ASSETS					
Tangible assets	4		1,231,853		1,204,473
CURRENT ASSETS					
Stocks		598,224		460,139	
Debtors	5	1,041,384		1,198,710	
Cash at bank and in hand		20,270		85,825	
		1,659,878		1,744,674	
CREDITORS					
Amounts falling due within one year	6	1,900,157		1,873,811	
NET CURRENT LIABILITIES			(240,279)		(129,137)
TOTAL ASSETS LESS CURRENT LIABILITIES			991,574		1,075,336
CREDITORS					
Amounts falling due after more than one year	7		(471,016)		(570,465)
PROVISIONS FOR LIABILITIES			(158,872)		(150,751)
NET ASSETS			361,686		354,120
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			361,586		354,020
SHAREHOLDERS' FUNDS			361,686		354,120

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

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

The financial statements were approved by the Board of Directors on 31 May 2018 and were signed on its behalf by:

D F Hammond - Director

**Notes to the Financial Statements
for the Year Ended 31 August 2017**

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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

This is the first year in which the financial statements have been prepared in accordance with FRS 102, there are no adjustments necessary on transition.

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
Fixtures and fittings	- 15% on reducing balance
Office equipment	- 15% on reducing balance

Government grants

Government grants in respect of fixed assets are treated as deferred income and credited to the profit and loss account over the expected useful economic life of the relevant asset. The Grant received to date relates to plant and machinery and is being credited to the profit and loss account over the period of ten years.

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 2017**

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 2017 the trade debtors totalling £818,871 had been discounted and an amount of £589,806 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 65 (2016 - 48) .

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 September 2016	1,886,136
Additions	303,977
At 31 August 2017	<u>2,190,113</u>
DEPRECIATION	
At 1 September 2016	681,663
Charge for year	276,597
At 31 August 2017	<u>958,260</u>
NET BOOK VALUE	
At 31 August 2017	<u>1,231,853</u>
At 31 August 2016	<u>1,204,473</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

4. **TANGIBLE FIXED ASSETS - continued**

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

	Plant and machinery etc £
COST	
At 1 September 2016	1,033,940
Additions	125,000
Transfer to ownership	(43,975)
At 31 August 2017	<u>1,114,965</u>
DEPRECIATION	
At 1 September 2016	105,259
Charge for year	204,869
Transfer to ownership	(30,447)
At 31 August 2017	<u>279,681</u>
NET BOOK VALUE	
At 31 August 2017	<u>835,284</u>
At 31 August 2016	<u>928,681</u>

5. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.17 £	31.8.16 £
Trade debtors	901,378	1,030,281
Amounts owed by group undertakings	67,379	93,871
Other debtors	72,627	74,558
	<u>1,041,384</u>	<u>1,198,710</u>

6. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.17 £	31.8.16 £
Bank loans and overdrafts	-	6,263
Hire purchase contracts (see note 8)	218,778	204,236
Trade creditors	689,190	849,020
Amounts owed to group undertakings	227,102	133,775
Taxation and social security	135,046	162,447
Other creditors	630,041	518,070
	<u>1,900,157</u>	<u>1,873,811</u>

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

	31.8.17 £	31.8.16 £
Hire purchase contracts (see note 8)	<u>471,016</u>	<u>570,465</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

8. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.8.17	31.8.16
	£	£
Net obligations repayable:		
Within one year	218,778	204,236
Between one and five years	<u>471,016</u>	<u>570,465</u>
	<u>689,794</u>	<u>774,701</u>
	Non-cancellable operating leases	
	31.8.17	31.8.16
	£	£
Between one and five years	141,749	-
In more than five years	<u>683,850</u>	<u>-</u>
	<u>825,599</u>	<u>-</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	31.8.17	31.8.16
	£	£
Hire purchase contracts	689,794	774,701
Discounted debts	<u>589,806</u>	<u>484,665</u>
	<u>1,279,600</u>	<u>1,259,366</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 subsidiary 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 qualified on the following basis:

Basis for qualified opinion on financial statements

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

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

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

We were initially appointed auditors on 25th August 2017, therefore we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of inventories and work in progress appearing in the balance sheet at 31st August 2016. Consequently we were unable to determine whether any adjustments to the accounts were necessary.

11. RELATED PARTY DISCLOSURES

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

Hermitage SM Limited - £57,838

Specialist Aviation manufacturing Limited - £6,504

SATTO Solutions Limited - £3,037

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

Cabinair Services Limited - £113,620

Specialist Aviation Limited - £59,371

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.