

Financial Statements for the Year Ended 31 August 2020

for

HSM Aero Limited

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for the Year Ended 31 August 2020**

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HSM Aero Limited

**Company Information
for the Year Ended 31 August 2020**

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 2020**

	Notes	31.8.20 £	£	31.8.19 £	£
FIXED ASSETS					
Tangible assets	4		1,161,612		1,638,499
CURRENT ASSETS					
Stocks		1,265,772		1,193,569	
Debtors	5	1,797,379		1,891,661	
Cash at bank and in hand		10,909		16,962	
		3,074,060		3,102,192	
CREDITORS					
Amounts falling due within one year	6	2,778,431		3,327,276	
NET CURRENT ASSETS/(LIABILITIES)			295,629		(225,084)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,457,241		1,413,415
CREDITORS					
Amounts falling due after more than one year	7		(306,880)		(582,689)
PROVISIONS FOR LIABILITIES			(126,377)		(159,159)
NET ASSETS			1,023,984		671,567
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			1,023,884		671,467
SHAREHOLDERS' FUNDS			1,023,984		671,567

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 May 2021 and were signed by:

D F Hammond - Director

**Notes to the Financial Statements
for the Year Ended 31 August 2020**

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 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.

The director has prepared a detailed profit and cashflow forecast for the period to 31 August 2022 which shows the company's financial trading position and cashflows for the period. The forecast shows that the company will be able to operate and meet its external liabilities as and when they fall due.

In preparation of these forecasts and these financial statements the director has considered the impact of Covid -19 and consider that the risk and impact on the company is difficult to assess at this stage of the pandemic

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

Government grants

Grants are accounted for under the accruals model. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of the grant is included in creditors as deferred income.

Grants of a revenue nature are recognised in 'other income' within profit and loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme.

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.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

2. ACCOUNTING POLICIES - continued

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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 2020 the trade debtors totalling £668,241 (2019 - £1,076,537) had been discounted and an amount of £387,440.47 (2019 - £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 85 (2019 - 102).

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

4. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 September 2019	217,088	2,590,486	228,963
Additions	1,750	11,898	3,452
Disposals	(1,750)	(299,193)	-
At 31 August 2020	<u>217,088</u>	<u>2,303,191</u>	<u>232,415</u>
DEPRECIATION			
At 1 September 2019	74,645	1,311,281	96,524
Charge for year	21,466	200,436	20,002
Eliminated on disposal	(131)	(63,216)	-
At 31 August 2020	<u>95,980</u>	<u>1,448,501</u>	<u>116,526</u>
NET BOOK VALUE			
At 31 August 2020	<u>121,108</u>	<u>854,690</u>	<u>115,889</u>
At 31 August 2019	<u>142,443</u>	<u>1,279,205</u>	<u>132,439</u>
	Motor vehicles £	Office equipment £	Totals £
COST			
At 1 September 2019	73,219	33,375	3,143,131
Additions	-	9,314	26,414
Disposals	-	(4,915)	(305,858)
At 31 August 2020	<u>73,219</u>	<u>37,774</u>	<u>2,863,687</u>
DEPRECIATION			
At 1 September 2019	15,442	6,740	1,504,632
Charge for year	14,641	4,636	261,181
Eliminated on disposal	-	(391)	(63,738)
At 31 August 2020	<u>30,083</u>	<u>10,985</u>	<u>1,702,075</u>
NET BOOK VALUE			
At 31 August 2020	<u>43,136</u>	<u>26,789</u>	<u>1,161,612</u>
At 31 August 2019	<u>57,777</u>	<u>26,635</u>	<u>1,638,499</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

4. TANGIBLE FIXED ASSETS - continued

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

	Plant and machinery £
COST	
At 1 September 2019	1,681,661
Disposals	(99,594)
At 31 August 2020	<u>1,582,067</u>
DEPRECIATION	
At 1 September 2019	638,463
Charge for year	164,462
Eliminated on disposal	(19,089)
At 31 August 2020	<u>783,836</u>
NET BOOK VALUE	
At 31 August 2020	<u>798,231</u>
At 31 August 2019	<u>1,043,198</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20 £	31.8.19 £
Trade debtors	1,101,591	1,264,391
Amounts owed by group undertakings	463,338	532,702
Other debtors	232,450	94,568
	<u>1,797,379</u>	<u>1,891,661</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20 £	31.8.19 £
Hire purchase contracts (see note 8)	246,508	325,736
Trade creditors	962,274	1,423,210
Amounts owed to group undertakings	417,611	344,036
Taxation and social security	539,520	224,282
Other creditors	612,518	1,010,012
	<u>2,778,431</u>	<u>3,327,276</u>

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

	31.8.20 £	31.8.19 £
Hire purchase contracts (see note 8)	<u>306,880</u>	<u>582,689</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

8. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.8.20	31.8.19
	£	£
Net obligations repayable:		
Within one year	246,508	325,736
Between one and five years	306,880	582,689
	<u>553,388</u>	<u>908,425</u>
	Non-cancellable	operating leases
	31.8.20	31.8.19
	£	£
Within one year	99,384	118,842
Between one and five years	353,307	352,135
In more than five years	14,100	98,700
	<u>466,791</u>	<u>569,677</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	31.8.20	31.8.19
	£	£
Hire purchase contracts	553,388	908,425
Discounted debts	387,440	754,791
	<u>940,828</u>	<u>1,663,216</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 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

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

11. RELATED PARTY DISCLOSURES

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

	31.8.20	31.8.19
	£	£
Hermitage SM Limited	0	71,895
SATTO Solutions Limited	8,673	3,037
Specialist Aviation Holdings Limited	329,665	257,770
Cabinair Services Limited	125,000	200,000

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

	31.8.20	31.8.19
	£	£
Specialist Aviation Limited	417,611	340,047
Specialist Aviation Manufacturing Limited	0	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

13. GOING CONCERN AND SUBSEQUENT EVENTS

The director has prepared a detailed profit and cashflow forecast for the period to 31 August 2022 which shows the company's financial trading position and cashflows for the period. The forecast shows that the company will be able to operate and meet its external liabilities as and when they fall due.

In preparation of these forecasts and these financial statements the director has considered the impact of Covid-19 and consider that the risk and impact on the company is difficult to assess at this stage of the pandemic.

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.