

**NICHOLSON MCLAREN AVIATION LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**Nicholson McLaren Aviation Limited****(Registration number: 05696256)****Balance Sheet as at 30 September 2017**

		2017	(As restated) 2016
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	<u>4</u>	624,639	697,413
Tangible assets	<u>5</u>	131,186	156,706
		<u>755,825</u>	<u>854,119</u>
<b>Current assets</b>			
Stocks	<u>6</u>	290,852	357,481
Debtors	<u>7</u>	450,321	99,425
Cash at bank and in hand		8,566	45,958
		<u>749,739</u>	<u>502,864</u>
Creditors: Amounts falling due within one year	<u>8</u>	(2,843,203)	(2,786,006)
Net current liabilities		<u>(2,093,464)</u>	<u>(2,283,142)</u>
Net liabilities		<u>(1,337,639)</u>	<u>(1,429,023)</u>
<b>Capital and reserves</b>			
Called up share capital		1,000	1,000
Share premium reserve		149,950	149,950
Other reserves		336,596	336,596
Profit and loss account		<u>(1,825,185)</u>	<u>(1,916,569)</u>
Total equity		<u>(1,337,639)</u>	<u>(1,429,023)</u>

For the financial year ending 30 September 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

**Directors' responsibilities:**

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 11 September 2018 and signed on its behalf by:

J I Waghorn

Director

The notes on pages 2 to 8 form an integral part of these financial statements.

## **Nicholson McLaren Aviation Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2017**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:  
12 Ivanhoe Road  
Hogwood Industrial Estate  
Finchampstead  
Wokingham  
RG40 4QQ

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

##### **Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Critical accounting judgements and key sources of estimation uncertainty**

**In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.**

##### **Judgements**

No significant judgements have been made by management in preparing these financial statements.

##### **Key sources of estimation uncertainty**

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

## Nicholson McLaren Aviation Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	15% net book value
Fixtures, fittings and equipment	15% net book value/33.33% of cost
Motor vehicles	25% net book value

#### Goodwill

Goodwill is amortised over its useful life, which shall not exceed five years if a reliable estimate of the useful life cannot be made.

#### Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	5% straight line

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **Nicholson McLaren Aviation Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2017**

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Nicholson McLaren Aviation Limited

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### Financial instruments

##### **Classification**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

##### **Recognition and measurement**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

##### **Impairment**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

#### 3 Staff numbers

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

	2017 No.	2016 No.
Average number of employees	12	12

**Nicholson McLaren Aviation Limited**

**Notes to the Financial Statements for the Year Ended 30 September 2017**

**4 Intangible assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 October 2016	1,455,466
At 30 September 2017	1,455,466
<b>Amortisation</b>	
At 1 October 2016	758,053
Amortisation charge	72,774
At 30 September 2017	830,827
<b>Carrying amount</b>	
At 30 September 2017	624,639
At 30 September 2016	697,413

**5 Tangible assets**

	<b>Fixtures, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2016	397,223	26,982	424,205
At 30 September 2017	397,223	26,982	424,205
<b>Depreciation</b>			
At 1 October 2016	252,802	14,697	267,499
Charge for the year	22,449	3,071	25,520
At 30 September 2017	275,251	17,768	293,019
<b>Carrying amount</b>			
At 30 September 2017	121,972	9,214	131,186
At 30 September 2016	144,421	12,285	156,706

**6 Stocks**

	<b>2017 £</b>	<b>2016 £</b>
Raw materials, consumables and work in progress	290,852	357,481



# Nicholson McLaren Aviation Limited

## Notes to the Financial Statements for the Year Ended 30 September 2017

### 7 Debtors

	2017 £	2016 £
Trade debtors	144,201	32,066
Other debtors	302,419	51,271
Prepayments	3,701	16,088
	<u>450,321</u>	<u>99,425</u>

### 8 Creditors

#### Creditors: amounts falling due within one year

	Note	2017 £	2016 £
<b>Due within one year</b>			
Loans and borrowings	<u>9</u>	2,426,043	2,424,551
Trade creditors		395,036	341,395
Social security and other taxes		19,124	17,060
Accrued expenses		3,000	3,000
		<u>2,843,203</u>	<u>2,786,006</u>

### 9 Loans and borrowings

	2017 £	2016 £
<b>Current loans and borrowings</b>		
Other borrowings	<u>2,426,043</u>	<u>2,424,551</u>

Shareholder and connected company loans, with no fixed repayment terms or interest charged, were created to purchase the goodwill, plant and machinery and motor vehicles. At 30 September 2017 the total value of loans was £2,424,701 (2016: £2,424,551). As set out in note 1 the shareholders have continued to support the company and will do so for the foreseeable future. The directors believe that these loans will not be repaid within one year.

### 10 Related party transactions

#### Summary of transactions with other related parties

Nicholson McLaren Engines Limited - a company controlled by the controlling shareholder M B Endean. The company received loans totalling £152,711 (2016: £316,540) repaid loans totalling £541,935 (2016: 610,379), recharged costs incurred on behalf of Nicholson McLaren Engines Limited of £38,650 (2016: 62,750) and was recharged costs of £98,953 (2016: £215,820). At 30 September 2017, £282,419 (2016: £30,798) was due to the company from Nicholson McLaren Engines Limited. No interest was charged and this is repayable on demand.

**11 Transition to FRS 102**

This is the first period that the company has presented its financial statements under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. The latest financial statements under previous UK GAAP were for the period from 1 October 2015 to 30 September 2016 and the date of transition to FRS102 was therefore 1 October 2015. There are no transitional adjustments as a result of adopting FRS102 for the first time.

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