

Registered number: 02486702

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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KEARSLEY AIRWAYS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	M Mehta (Mr) M Mehta (Mrs) (resigned 13 September 2018)
Company Secretary	M Mehta (Mr)
Registered Number	02486702
Registered Office	Romeera House London Stansted Airport Stansted Essex CM24 1QL
Independent Auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	National Westminster Bank Plc 94 Moorgate PO Box 712 London EC2M 6XT
Solicitors	Irwin Mitchell LLP 40 Holborn Viaduct London EC1N 2PZ

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

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KEARSLEY AIRWAYS (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The principal activity of the Group throughout the year continued to be the overhaul, repair and manufacture of aircraft components.

Business review

The Group's activities have continued satisfactorily and the results for the year are shown in the Consolidated Statement of Comprehensive Income on page 7. The Group has continued to perform well despite increased competition in the year.

The Director is optimistic about the prospects for growth and consider that the Group is well placed to continue to perform satisfactorily. The Director is looking at new avenues to enhance the sphere of current capabilities for future growth.

Principal risks and uncertainties

The Group's principal financial assets are bank balances and cash, trade and other receivables and other investments. The Group's credit risk is primarily attributed to its trade receivables and the short-term loan. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. For trade receivables, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Director does not believe that the Group is exposed to any significant cash flow risk, price risk or liquidity risk. The Group does not, as a regular policy, enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. The Group currently has sufficient cash to fund its activities.

Financial key performance indicators

The Director manages the Group on key performance indicators including growth, profitability, cash generation, stock turnover and gross margins. Other indicators include the order book (backlog) and contracts pipeline.

Other key performance indicators

During the period to June 2018 the Group's gross margin has decreased from 28.9% to 25.4%. The current target for management is to improve this margin throughout the next year.

Administrative expenses decreased from 11.8% to 10.2% of turnover as a result of expenses being at similar levels as the prior year despite an increase in turnover, and profit on ordinary activities after taxation has increased to £1,066,220 from £944,244.

The Director is satisfied with the Group's performance against these measures during the year.

This Report was approved by the Director.

M. Mehta

M Mehta (Ms)

On behalf of M Mehta (Mr), Director

Date: 19-11-2018

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Director presents their Report and the financial statements for the year ended 30 June 2018.

Results and dividends

The profit for the year, after taxation, amounted to £1,066,258 (2017 - £944,244).

The Director does not recommend the payment of a final dividend.

Directors

The Directors who served during the year were:

M Mehta (Mr)

M Mehta (Mrs) (resigned 13 September 2018)

Future developments

The Director anticipates no significant changes in the Group's activities in the foreseeable future.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's Auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's Auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as Auditors 28 days after these financial statements were sent to Members or 28 days after the latest date prescribed for filing the accounts with the Registrar, whichever is earlier.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Directors' responsibilities statement

The Director is responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Report was approved by the Director.

M. Mehta

M Mehta (Ms)

On behalf of M Mehta (Mr), Director

Date: 19-11-2018

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF KEARSLEY AIRWAYS (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Kearsley Airways (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2018 and of the Group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF KEARSLEY AIRWAYS (HOLDINGS) LIMITED (CONTINUED)

Other information

The Director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF KEARSLEY AIRWAYS (HOLDINGS) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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 Auditors' 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.

Gary Miller (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

3 December 2018

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £	2017 £
Turnover	4	8,522,741	7,198,918
Cost of sales		(6,361,802)	(5,115,479)
Gross profit		<u>2,160,939</u>	<u>2,083,439</u>
Administrative expenses		(867,603)	(853,025)
Operating profit	5	<u>1,293,336</u>	<u>1,230,414</u>
Interest receivable and similar income	9	<u>22,217</u>	<u>24,914</u>
Profit before taxation		<u>1,315,553</u>	<u>1,255,328</u>
Tax on profit	10	(249,295)	(311,084)
Profit for the financial year		<u><u>1,066,258</u></u>	<u><u>944,244</u></u>
Currency translation differences on foreign currency net investments		(28,392)	30,238
Other comprehensive income for the year		<u>(28,392)</u>	<u>30,238</u>
Total comprehensive income for the year		<u><u>1,037,866</u></u>	<u><u>974,482</u></u>

The notes on pages 13 to 27 form part of these financial statements.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED
REGISTERED NUMBER: 02486702

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	145,539	127,779
Current assets			
Stocks	15	3,111,996	2,617,061
Debtors: amounts falling due within one year	16	2,020,926	1,767,866
Current asset investments	17	1,962,571	1,582,931
Cash at bank and in hand	18	521,539	418,279
		<u>7,617,032</u>	<u>6,386,137</u>
Creditors: amounts falling due within one year	19	<u>(1,504,694)</u>	<u>(1,293,905)</u>
Net current assets		<u>6,112,338</u>	<u>5,092,232</u>
Total assets less current liabilities		<u>6,257,877</u>	<u>5,220,011</u>
Net assets		<u><u>6,257,877</u></u>	<u><u>5,220,011</u></u>
Capital and reserves			
Called up share capital	22	289,000	289,000
Capital redemption reserve	23	561,000	561,000
Profit and loss account	23	5,407,877	4,370,011
		<u><u>6,257,877</u></u>	<u><u>5,220,011</u></u>

The financial statements were approved and authorised for issue by the Director.

M. Mehta

M Mehta (Ms)

On behalf of M Mehta (Mr), Director

Date: 16-11-2018

The notes on pages 13 to 27 form part of these financial statements.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED
REGISTERED NUMBER: 02486702

COMPANY BALANCE SHEET
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	14	850,100	850,100
Current assets			
Debtors: amounts falling due within one year	16	-	124,059
Current asset investments	17	8,481	18,477
Cash at bank and in hand	18	31	539
		<u>8,512</u>	<u>143,075</u>
Creditors: amounts falling due within one year	19	(71)	(134,637)
Net current assets		<u>8,441</u>	<u>8,438</u>
Total assets less current liabilities		<u>858,541</u>	<u>858,538</u>
Net assets		<u><u>858,541</u></u>	<u><u>858,538</u></u>
Capital and reserves			
Called up share capital	22	289,000	289,000
Capital redemption reserve	23	561,000	561,000
Profit and loss account	23	8,541	8,538
		<u>858,541</u>	<u>858,538</u>

The financial statements were approved and authorised for issue by the Director.

M. Mehta

M Mehta (Ms)
Director

Date: 16-11-2018

The notes on pages 13 to 27 form part of these financial statements.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of Parent Company	Total equity
	£	£	£	£	£
At 1 July 2017	289,000	561,000	4,370,011	5,220,011	5,220,011
Comprehensive income for the year					
Profit for the year	-	-	1,066,258	1,066,258	1,066,258
Movement on foreign exchange	-	-	(28,392)	(28,392)	(28,392)
Total comprehensive income for the year	-	-	1,037,866	1,037,866	1,037,866
Total transactions with owners	-	-	-	-	-
At 30 June 2018	289,000	561,000	5,407,877	6,257,877	6,257,877

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of Parent Company	Total equity
	£	£	£	£	£
At 1 July 2016	289,000	561,000	4,795,529	5,645,529	5,645,529
Comprehensive income for the year					
Profit for the year	-	-	944,244	944,244	944,244
Movement on foreign exchange	-	-	30,238	30,238	30,238
Total comprehensive income for the year	-	-	974,482	974,482	974,482
Dividends: Equity capital	-	-	(1,400,000)	(1,400,000)	(1,400,000)
Total transactions with owners	-	-	(1,400,000)	(1,400,000)	(1,400,000)
At 30 June 2017	289,000	561,000	4,370,011	5,220,011	5,220,011

The notes on pages 13 to 27 form part of these financial statements.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2017	289,000	561,000	8,538	858,538
Comprehensive income for the year				
Profit for the year	-	-	3	3
Total comprehensive income for the year	-	-	3	3
Total transactions with owners	-	-	-	-
At 30 June 2018	<u>289,000</u>	<u>561,000</u>	<u>8,541</u>	<u>858,541</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2016	289,000	561,000	8,503	858,503
Comprehensive income for the year				
Profit for the year	-	-	1,400,035	1,400,035
Total comprehensive income for the year	-	-	1,400,035	1,400,035
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,400,000)	(1,400,000)
Total transactions with owners	-	-	(1,400,000)	(1,400,000)
At 30 June 2017	<u>289,000</u>	<u>561,000</u>	<u>8,538</u>	<u>858,538</u>

The notes on pages 13 to 27 form part of these financial statements.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,066,220	944,244
Adjustments for:		
Depreciation of tangible assets	46,380	35,550
Profit on disposal of tangible assets	(2,575)	(1,600)
Interest received	(22,217)	(24,914)
Taxation charge	249,333	311,084
(Increase) in stocks	(494,935)	(751,125)
(Increase) in debtors	(349,586)	(96,708)
Increase in creditors	282,954	360,344
Corporation tax (paid)	(225,079)	(190,304)
Net cash generated from operating activities	<u>550,495</u>	<u>586,571</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(64,140)	(112,307)
Sale of tangible fixed assets	2,575	1,600
Interest received	22,217	24,914
Net cash from investing activities	<u>(39,348)</u>	<u>(85,793)</u>
Cash flows from financing activities		
Dividends paid	-	(1,400,000)
Cash placed on short-term deposit	(407,575)	921,114
Net cash used in financing activities	<u>(407,575)</u>	<u>(478,886)</u>
Net increase in cash and cash equivalents	103,572	21,892
Cash and cash equivalents at beginning of year	418,279	396,161
Foreign exchange gains and losses	(312)	226
Cash and cash equivalents at the end of year	<u><u>521,539</u></u>	<u><u>418,279</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	521,539	418,279
	<u><u>521,539</u></u>	<u><u>418,279</u></u>

The notes on pages 13 to 27 form part of these financial statements.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

The Company is a private Company limited by shares and is incorporated in England. The address of its Registered Office is Romeera House, London Stansted Airport, Stansted, Essex, CM24 1QL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 (FRS 102).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 July 2014.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 6 - 20 years
Motor vehicles	- 3 years
Fixtures and fittings	- 4 - 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.9 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.12 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Balance Sheet. The assets of the plan are held separately from the Group in independently consolidated funds.

2.14 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Director makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and note 2.4 for the useful economic lives for each class of assets.

(ii) Stock provision

Stock is provided for on the basis of the age of each individual item. This is considered a prudent method of providing against slow moving stock as due to the nature of the business some items of stock will not move for many years whilst still maintaining economic value.

4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	2,435,244	2,417,344
Overseas (including European Union)	6,087,497	4,781,574
	<u>8,522,741</u>	<u>7,198,918</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	46,380	35,550
Defined contribution pension cost	115,693	98,573
	<u>162,073</u>	<u>134,123</u>

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	17,500	17,500
Non-audit services	8,000	10,245
	<u> </u>	<u> </u>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	2,080,584	1,988,321	-	-
Social security costs	208,371	195,096	-	-
Cost of defined contribution scheme	115,693	98,573	-	-
	<u>2,404,648</u>	<u>2,281,990</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Production	44	46
Sales and distribution	3	4
Administration	20	19
	<u>67</u>	<u>69</u>

The Company has no employees other than the Directors, who did not receive any remuneration (2017 - £NIL).

8. Directors' remuneration

	2018 £	2017 £
Directors emoluments	69,454	61,509
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to no Directors (2017 - £NIL) in respect of defined contribution pension schemes.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

9. Interest receivable

	2018 £	2017 £
Other interest receivable	22,217	24,914

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	228,041	233,462
Foreign tax		
Foreign tax on income for the year	3,251	5,704
Total current tax	231,292	239,166
Deferred tax		
Origination and reversal of timing differences	18,003	71,918
Taxation on profit on ordinary activities	249,295	311,084

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.75%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,315,553	1,255,328
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	249,955	247,927
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	945	3,714
Higher rate taxes on overseas earnings	3,251	4,805
Re-measurement of deferred tax - change in UK tax rate	(4,856)	54,638
Total tax charge for the year	249,295	311,084

Factors that may affect future tax charges

The Company had tax losses carried forward of £6,000 (2017 - £6,000) to use against future non-investment profits. These losses are not available for group relief.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. Dividends

	2018 £	2017 £
Dividends paid on equity capital	-	1,400,000

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Parent Company for the year was £3 (2017 - £1,400,035).

13. Tangible fixed assets

Group

	Short term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 July 2017	425,724	1,426,854	62,704	408,998	2,324,280
Additions	-	43,195	-	20,945	64,140
Disposals	-	-	(15,000)	-	(15,000)
At 30 June 2018	425,724	1,470,049	47,704	429,943	2,373,420
Depreciation					
At 1 July 2017	425,724	1,327,246	62,704	380,827	2,196,501
Charge for the year on owned assets	-	33,221	-	13,159	46,380
Disposals	-	-	(15,000)	-	(15,000)
At 30 June 2018	425,724	1,360,467	47,704	393,986	2,227,881
Net book value					
At 30 June 2018	-	109,582	-	35,957	145,539
At 30 June 2017	-	99,608	-	28,171	127,779

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2017	850,100
At 30 June 2018	<u>850,100</u>

15. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Work in progress (goods to be sold)	1,328,443	1,047,729	-	-
Finished goods and goods for resale	1,783,553	1,569,332	-	-
	<u>3,111,996</u>	<u>2,617,061</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	1,383,997	1,149,294	-	-
Amounts owed by group undertakings	-	-	-	124,059
Other debtors	48,306	57,250	-	-
Prepayments and accrued income	151,810	125,640	-	-
Tax recoverable	151,108	131,974	-	-
Deferred tax asset	285,705	303,708	-	-
	<u>2,020,926</u>	<u>1,767,866</u>	<u>-</u>	<u>124,059</u>

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

17. Current asset investments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Unlisted investments	1,962,571	1,582,931	8,481	18,477

18. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	521,539	418,279	31	539

19. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	1,160,478	923,762	-	-
Amounts owed to group undertakings	-	-	71	134,637
Corporation tax	95,541	108,462	-	-
Other taxation and social security	54,786	-	-	-
Other creditors	8,338	51,767	-	-
Accruals and deferred income	185,551	209,914	-	-
	<u>1,504,694</u>	<u>1,293,905</u>	<u>71</u>	<u>134,637</u>

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

20. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at fair value through profit or loss	521,539	418,279	31	539
Financial assets that are debt instruments measured at amortised cost	3,362,048	2,789,476	8,481	142,536
	<u>3,883,587</u>	<u>3,207,755</u>	<u>8,512</u>	<u>143,075</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(1,354,367)</u>	<u>(1,185,444)</u>	<u>(72)</u>	<u>(134,639)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors and current asset investments.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and deferred income.

21. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	303,708	375,626
Charged to profit or loss	(18,003)	(71,918)
At end of year	<u>285,705</u>	<u>303,708</u>

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

21. Deferred taxation (continued)

At end of year

The deferred tax asset is made up as follows:

	Group 2018 £	Group 2017 £
Accelerated capital allowances	(17,118)	(11,988)
Tax losses carried forward	290,729	300,530
Short term timing differences	12,094	15,166
	<u>285,705</u>	<u>303,708</u>

Company

There is no deferred taxation in the Company.

22. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
137,500 (2017 - 137,500) Ordinary 'A' shares shares of £1 each	137,500	137,500
49,500 (2017 - 49,500) Ordinary 'B' shares shares of £1 each	49,500	49,500
102,000 (2017 - 102,000) Deferred shares shares of £1 each	102,000	102,000
	<u>289,000</u>	<u>289,000</u>

The 'A' shares carry the same dividend and capital entitlements as the 'B' shares. The 'A' shares carry full voting rights and the 'B' shares carry no voting rights. The deferred shares carry no voting rights and carry rights to dividends, which will be issued at the discretion of the Director, only in the event of profits after taxation exceeding £2 million in any one financial year.

23. Reserves

Capital redemption reserve

The capital redemption reserve relates to the Company buy back of shares in prior periods.

Profit and loss account

The profit and loss account represents accumulated comprehensive income of the year and prior periods less any dividends paid.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

24. Pension commitments

The Group operated two defined contribution schemes for the benefit of Directors and employees.

The total pension cost for the Group was £102,086 (2017 - £98,573). The accrued amount is £8,338 (2017 - £16,653).

In addition the Group has established a facility with Aviva Life & Pensions UK to provide stakeholder pensions to employees. There are no members at present.

25. Commitments under operating leases

At 30 June 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £		
Land and buildings				
Not later than 1 year	180,000	180,000		
Later than 1 year and not later than 5 years	540,000	720,000		
	<u>720,000</u>	<u>900,000</u>		
	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Other				
Not later than 1 year	8,209	3,653	-	-
Later than 1 year and not later than 5 years	8,100	3,348	-	-
	<u>16,309</u>	<u>7,001</u>	<u>-</u>	<u>-</u>

Company

There were no commitments under operating leases within the Company.

26. Related party transactions

During the year the Group paid rent of £180,000 (2017 - £180,000) to Mr and Mrs M Mehta Pension Scheme, a pension fund of the Directors.

The amount due from that the year end was £NIL (2017 - £ NIL).

27. Controlling party

The ultimate Parent Company is M & M Consolidated Limited, a company incorporated in the British Virgin Islands. Control of the ultimate Parent Company rests with Mr Mehta.

Copies of the Group financial statements of the immediate and ultimate Parent Company are available to the public from PO Box 3136, Road Town, Tortola, British Virgin Islands.

KEARSLEY AIRWAYS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

28. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Kearsley Airways Limited	Ordinary	100 %	Overhaul, repair and manufacture of aircraft components.
Heathgate Investments Limited	Ordinary	100 %	Overseas investments holdings company.
Flawless Finvest Private Limited	Ordinary	100 %	Overseas investment company.