

Registration number: 00447296

Airways Aero Associations Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2017



Grenfell James Audit LLP
13 The Courtyard
Timothys Bridge Road
Stratford Upon Avon
Warwickshire
CV37 9NP

Airways Aero Associations Limited
Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Independent Auditor's Report	4 to 5
Profit and Loss Account	6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 18

Airways Aero Associations Limited

Company Information

Directors Mr S Anderson-Brown
Mr C E W Peel
Mrs A M Sarney
Mr D E S Sarney

Company secretary Mr S A Bonney

Registered office Wycombe Air Park
Booker
Marlow
Buckinghamshire
SL7 3DP

Auditors Grenfell James Audit LLP
13 The Courtyard
Timothys Bridge Road
Stratford Upon Avon
Warwickshire
CV37 9NP

Airways Aero Associations Limited
Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company was non-scheduled Passenger Air Transport however the award of the 50 year lease of Wycombe Airpark means that this assumption is no longer correct. The principle activity is now defined as:

Aviation Training, Airfield Operation and management and Non-Scheduled Passenger Air Transport

Fair review of the business

AAA has produced a strong performance as demonstrated by maintaining a consistent operating EBITDA of £172,816 in line with previous years. This is because of our continuing investment strategy in aircraft, people and infrastructure, allowing the company to expand its training and airfield operations.

Continued future growth is expected from

- As well as hosting the UK's biggest light Aviation Show the Airfield now host a major lifestyle show attracting many new potential customers to light aviation
- The award of the exclusive Piper Aircraft distribution to parent company BEA
- The award of an additional University Training Contract

The improved profit and strengthened balance sheet have resulted in AAA having a secure future of growth supported by very low company gearing:

Gearing ratio (Borrowing as a percentage of Assets): 1.03%

Principal risks and uncertainties

Whilst weather and the economic climate still play a large part in company performance, the effects have been mitigated by investing in areas of the business such as hangarage, ATPL ground school training and simulators, which can assist in offsetting the vagaries of the weather.

Additionally, our program of accelerated debt repayment has resulted in a reduction of fixed operating costs

Approved by the Board on 24 September 2018 and signed on its behalf by:



.....
Mr S Anderson-Brown
Director

Airways Aero Associations Limited
Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the company

The directors who held office during the year were as follows:

Mr S Anderson-Brown

Mr C E W Peel

Mrs A M Sarney

Mr D E S Sarney

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

The directors are 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Grenfell James Audit LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 24 September 2018 and signed on its behalf by:



.....
Mr S Anderson-Brown
Director

Airways Aero Associations Limited
Independent Auditor's Report to the Members of Airways Aero
Associations Limited

We have audited the financial statements of Airways Aero Associations Limited for the year ended 31 December 2017, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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.

Respective responsibilities of directors and auditor

As explained more fully in the (set out on page), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its 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.

Airways Aero Associations Limited
Independent Auditor's Report to the Members of Airways Aero
Associations Limited

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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



.....
Mr E G D James (Senior Statutory Auditor)
For and on behalf of Grenfell James Audit LLP, Statutory Auditor

13 The Courtyard
Timothys Bridge Road
Stratford Upon Avon
Warwickshire
CV37 9NP

Date:..... 28 September 2018

Airways Aero Associations Limited
Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover		2,899,178	2,945,605
Cost of sales		<u>(1,700,205)</u>	<u>(1,776,939)</u>
Gross profit		1,198,973	1,168,666
Administrative expenses		<u>(1,026,157)</u>	<u>(994,819)</u>
EBITDA		172,816	173,847
Depreciation and amortisation		<u>(90,384)</u>	<u>(65,289)</u>
Operating profit	3	<u>82,432</u>	<u>108,558</u>
Gain on revaluation of investment property		-	2,045,000
Interest payable and similar expenses	4	<u>(6,454)</u>	<u>(11,396)</u>
		<u>(6,454)</u>	<u>2,033,604</u>
Profit before tax		75,978	2,142,162
Taxation	7	<u>(8,141)</u>	<u>(301,767)</u>
Profit for the financial year		<u><u>67,837</u></u>	<u><u>1,840,395</u></u>

Notes

Investment property was valued on an open market basis on 14 December 2016 by Savills (UK) resulting in a gain of £2,045,000.

Airways Aero Associations Limited
Statement of Comprehensive Income for the Year Ended 31 December
2017

	2017	2016
	£	£
Profit for the year	<u>67,837</u>	<u>1,840,395</u>
Surplus/(deficit) on property, plant and equipment revaluation	-	21,363
Surplus/(deficit) on revaluation of other assets	<u>2,395</u>	<u>3,726,014</u>
	<u>2,395</u>	<u>3,747,377</u>
Total comprehensive income for the year	<u><u>70,232</u></u>	<u><u>5,587,772</u></u>

The notes on pages 10 to 18 form an integral part of these financial statements.
Page 7

Airways Aero Associations Limited
(Registration number: 00447296)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	8	461	3,227
Tangible assets	9	5,307,347	5,200,045
Investment property	10	<u>2,045,000</u>	<u>2,045,000</u>
		<u>7,352,808</u>	<u>7,248,272</u>
Current assets			
Stocks	11	151,813	95,610
Debtors	12	558,996	562,145
Cash at bank and in hand		<u>43,071</u>	<u>73,298</u>
		753,880	731,053
Creditors: Amounts falling due within one year	13	<u>(1,194,183)</u>	<u>(929,619)</u>
Net current liabilities		<u>(440,303)</u>	<u>(198,566)</u>
Total assets less current liabilities		6,912,505	7,049,706
Creditors: Amounts falling due after more than one year	13	(28,783)	(93,285)
Provisions for liabilities		<u>(1,274,105)</u>	<u>(1,277,035)</u>
Net assets		<u>5,609,617</u>	<u>5,679,386</u>
Capital and reserves			
Called up share capital		100	100
Revaluation reserve		3,833,040	3,852,008
Profit and loss account		<u>1,776,477</u>	<u>1,827,278</u>
Total equity		<u>5,609,617</u>	<u>5,679,386</u>

Approved and authorised by the Board on 24 September 2018 and signed on its behalf by:



.....
Mr S Anderson-Brown
Director

Airways Aero Associations Limited
Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2017	100	3,830,645	1,848,640	5,679,385
Profit for the year	-	-	67,837	67,837
Other comprehensive income	-	2,395	-	2,395
Total comprehensive income	-	2,395	67,837	70,232
Dividends	-	-	(140,000)	(140,000)
At 31 December 2017	<u>100</u>	<u>3,833,040</u>	<u>1,776,477</u>	<u>5,609,617</u>

Airways Aero Associations Limited

Notes to the Financial Statements for the Year Ended 31 December 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:

Wycombe Air Park

Booker

Marlow

Buckinghamshire

SL7 3DP

England

The principal place of business is:

Wycombe Air Park

Booker

Marlow

Buckinghamshire

SL7 3DP

England

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 were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

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

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Airways Aero Associations Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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
Short leasehold	5 - 27 years on period of lease
Plant and machinery	2 - 10 years straight line
Fixtures and fittings	3 - 5 years straight line
Aircraft	Straight line over 5 years

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Goodwill

Positive goodwill is capitalised, classified as an asset on the Statement of Financial Position and amortised on a straight line basis over its useful life. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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 years straight line

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.

Borrowings

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

Airways Aero Associations Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

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.

Financial instruments

Classification

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Recognition and measurement

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Impairment

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

3 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	87,618	62,523
Amortisation expense	2,766	2,766
Operating lease expense - property	<u>159,374</u>	<u>173,015</u>

4 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	<u>6,454</u>	<u>11,396</u>

Airways Aero Associations Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£	£
Wages and salaries	846,962	803,352
Social security costs	84,580	80,153
Pension costs, defined contribution scheme	6,772	4,005
Other employee expense	7,479	15,700
	<u>945,793</u>	<u>903,210</u>

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

	2017	2016
	No.	No.
Directors	6	6
Engineering staff	7	3
Admin staff	24	25
Pilots	28	23
	<u>65</u>	<u>57</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	<u>133,227</u>	<u>129,576</u>

7 Taxation

Tax charged/(credited) in the income statement

	2017	2016
	£	£
Deferred taxation		
Arising from changes in tax rates and laws	<u>8,141</u>	<u>301,767</u>

Deferred tax

Deferred tax assets and liabilities

Tax relating to items recognised in other comprehensive income or equity

	2017	2016
	£	£
Deferred tax related to items recognised as items of other comprehensive income	<u>2,395</u>	<u>3,845</u>

Airways Aero Associations Limited
Notes to the Financial Statements for the Year Ended 31 December 2017

8 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2017	<u>13,830</u>	<u>13,830</u>
At 31 December 2017	<u>13,830</u>	<u>13,830</u>
Amortisation		
At 1 January 2017	10,603	10,603
Amortisation charge	<u>2,766</u>	<u>2,766</u>
At 31 December 2017	<u>13,369</u>	<u>13,369</u>
Carrying amount		
At 31 December 2017	<u>461</u>	<u>461</u>
At 31 December 2016	<u>3,227</u>	<u>3,227</u>

Airways Aero Associations Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

9 Tangible assets

	Short leasehold £	Long leasehold £	Furniture, fittings and equipment £	Plant and machinery £	Aircraft £	Total £
Cost or valuation						
At 1 January						
2017	3,988,175	700,000	9,945	307,435	445,510	5,451,065
Additions	<u>87,592</u>	<u>-</u>	<u>613</u>	<u>25,565</u>	<u>45,386</u>	<u>159,156</u>
At 31 December						
2017	<u>4,075,767</u>	<u>700,000</u>	<u>10,558</u>	<u>333,000</u>	<u>490,896</u>	<u>5,610,221</u>
Depreciation						
At 1 January						
2017	-	-	8,179	121,784	85,297	215,260
Charge for the year	<u>-</u>	<u>-</u>	<u>1,150</u>	<u>57,448</u>	<u>29,016</u>	<u>87,614</u>
At 31 December						
2017	<u>-</u>	<u>-</u>	<u>9,329</u>	<u>179,232</u>	<u>114,313</u>	<u>302,874</u>
Carrying amount						
At 31 December						
2017	<u>4,075,767</u>	<u>700,000</u>	<u>1,229</u>	<u>153,768</u>	<u>376,583</u>	<u>5,307,347</u>
At 31 December						
2016	<u>3,988,174</u>	<u>700,000</u>	<u>1,766</u>	<u>149,889</u>	<u>360,216</u>	<u>5,200,045</u>

Revaluation

The Short leasehold of the company's Investment property was revalued on 14 December 2016 by an independent valuer.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £1,979,995 (2016 - £1,979,995).

Airways Aero Associations Limited
Notes to the Financial Statements for the Year Ended 31 December 2017

10 Investment properties

	2017	2016
	£	£
At 1 January	2,045,000	-
Revaluations	<u>-</u>	<u>2,045,000</u>
At 31 December	<u><u>2,045,000</u></u>	<u><u>2,045,000</u></u>

Investment property was valued on an open market basis on 14 December 2016 by Savills (UK) Limited.

11 Stocks

	2017	2016
	£	£
Aircraft stock	-	-
Parts stock	114,360	75,696
Other stock	10,944	8,414
Work in progress	<u>26,509</u>	<u>11,500</u>
	<u><u>151,813</u></u>	<u><u>95,610</u></u>

12 Debtors

	2017	2016
	£	£
Trade debtors	144,638	295,747
Other debtors	144,164	82,567
Prepayments	145,671	100,632
Accrued income	50,000	-
Deferred tax assets	7	<u>83,199</u>
	<u>74,523</u>	
Total current trade and other debtors	<u><u>558,996</u></u>	<u><u>562,145</u></u>

Airways Aero Associations Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

13 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	14	55,000	55,000
Trade creditors		301,775	191,985
Amounts due to related parties	17	296,298	152,261
Social security and other taxes		55,362	82,102
Other payables		319,347	226,900
Accrued expenses		<u>166,401</u>	<u>221,371</u>
		<u>1,194,183</u>	<u>929,619</u>
Due after one year			
Loans and borrowings	14	13,750	68,750
Other non-current financial liabilities		<u>15,033</u>	<u>24,535</u>
		<u>28,783</u>	<u>93,285</u>

14 Loans and borrowings

	2017 £	2016 £
Non-current loans and borrowings		
Other borrowings	<u>13,750</u>	<u>68,750</u>
Current loans and borrowings		
Other borrowings	<u>55,000</u>	<u>55,000</u>

Included within other creditors is a loan of £68,750 from Silton Investments Limited, split between £55,000 (2016: £55,000) payable within one year and £13,750 (2016: £68,750) payable after more than one year. This loan is secured by way of a fixed charge over the aircraft owned by the company including all the rights, title, interest and benefit in and to them.

On 29 April 2015 the company entered into a cross-guarantee with its fellow subsidiary Heli Air Limited, in favour of Barclays Bank PLC, as a security for the liabilities of both companies. The guarantee is secured by way of a fixed and floating charge over the assets of both companies.

Airways Aero Associations Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

15 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	150,569	133,844
Later than one year and not later than five years	860,990	830,738
Later than five years	<u>7,412,541</u>	<u>7,556,758</u>
	<u>8,424,100</u>	<u>8,521,340</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £159,374 (2016 - £173,015).

16 Dividends

Final dividends paid

	2017	2016
	£	£
Final dividend of £1,400.00 (2016 - £Nil) per each Ordinary	<u>140,000</u>	<u>-</u>

17 Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Other related party transactions

During the year the company made the following related party transactions:

Silton Investments Limited

A company controlled by Mr C Peel and his family.

The company paid interest to Silton Investments Limited of £6,454 (2016: £11,624) in respect of a loan advanced in the prior period. At the statement of financial position date the amount due to Silton Investments Limited was £ 68,750 (2016: £123,750).

18 Relationship between entity and parents

British European Aviation Limited is regarded by the directors as being the company's ultimate parent company.