

ACLAS Global Limited

Directors' report and
financial statements

Year ended 31 December 2013

Registered number: 1939800

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ACLAS Global Limited

Directors' report and financial statements

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ACLAS Global Limited

Directors and other information

Directors	D.W. Andrew H.R.A. Flynn C.J. Grant J.E.F. Phillips D. W. Slipper
Secretary	N. O'Connor
Registered office	Lancaster Business Park Aviation Way Southend on Sea Essex SS2 6UN
Bankers	Lloyds TSB plc Kemp Town Brighton Branch 10-11 St. George's Road Kemp Town Brighton East Sussex BN2 1EY
Solicitors	Clark Ricketts LLP Solicitors Waterman House 41 Kingsway London WC2B 6TP
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
Registered number	1939800

ACLAS Global Limited

Strategic report

The directors present their strategic report and the audited financial statements for the year ended 31 December 2013.

The principal activity of the company is the provision of aircraft spares support services. The company operates within the ASL Aviation Group of companies, headquartered in Ireland.

Business review

2013 represented a year of consolidation for the business. Turnover increased by 12.5% to US\$24.5m as growth in the ATR market continued. Whilst underlying trading performance remained positive, changes in product mix and additional stock provisions caused a reduction in the overall gross profit percentage from 25% to 19%. A significant improvement in the control of overhead spend has contributed to the overall improvement in operating profit for the year. 2014 will build upon this solid platform with emphasis on ATR aircraft spares growth particularly in the developing markets of Asia.

Principal risks and uncertainties

The planned further development of the business in the Asian market carries with it inherent risks of a logistical and credit nature. Management is confident that the plans and controls in place will minimise these risks.

On behalf of the board



C. J. Grant
Director

17 June 2014

ACLAS Global Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2013.

Results and dividends

The results for the year have been presented on page 9 and in the related notes and include a retained profit for the year of US\$358,084 (2012: loss of US\$3,026). No dividend was paid during the year (2012: US\$Nil).

Directors and secretary

The directors and secretary at 31 December 2013 and up to the date of this report are listed on page 1, and had no interests in the shares of the company at the beginning and end of the year.

Mr T. J. Dalton resigned as a director on 24 July 2013.

Mr. D. W. Slipper was appointed as a director on 7 August 2013.

Political contributions

No political donations were made during the year (2012: US\$Nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG will therefore continue in office.

Approved by the board of directors and signed on behalf of the board.



C. Grant
Director

17 June 2014

ACLAS Global Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



C.J. Grant
Director



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of ACLAS Global Limited

We have audited the financial statements of ACLAS Global Limited for the year ended 31 December 2013 which comprise the statement of accounting policies, profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement set out on page 4, 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 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent auditor's report to the members of ACLAS Global Limited (*continued*)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Sean O'Keefe (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

17 June 2014

ACLAS Global Limited

Statement of accounting policies

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost accounting rules.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

The charge for depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values, where applicable, at the following rates:

Leasehold improvements	Over the period of the lease
Fixtures & fittings	Over three years on a straight line basis
Computer equipment	Over three years on a straight line basis
Motor vehicles	Over five years on a straight line basis

Provision is also made for any impairment of tangible fixed assets as required.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks include aircraft spares which are held for sale in the ordinary course of business. Provision is made for obsolete or slow moving items.

Foreign currency

The financial statements are presented in US dollars (US\$), which is the functional currency of the company. Transactions in foreign currencies other than US dollars are recorded at the exchange rate prevailing at the date of the transaction. The resulting monetary assets and liabilities are translated into US dollars at exchange rates prevailing at the balance sheet date and the resulting gains and losses are recognised in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the period, as adjusted for taxation purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

ACLAS Global Limited

Statement of accounting policies *(continued)*

Taxation *(continued)*

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover represents the sales, net of Value Added Tax, of goods and services provided to customers in the accounting period and relates to aircraft spares support services carried on by the company.

Cash flow statement

A cash flow statement is not presented because the directors have decided to avail of the exemption in Financial Reporting Standard 1 available to companies whose parent publishes a consolidated cash flow statement in the prescribed format for the relevant accounting period.

ACLAS Global Limited

Profit and loss account for the year ended 31 December 2013

	<i>Note</i>	2013 US\$	2012 US\$
Turnover – continuing operations	2	24,474,809	21,754,614
Cost of sales		(19,758,078)	(16,328,737)
Gross profit		4,716,731	5,425,877
Administrative expenses		(3,716,187)	(4,896,001)
Operating profit – continuing operations		1,000,544	529,876
Interest payable and similar charges	4	(516,890)	(525,854)
Profit on ordinary activities before taxation	3	483,654	4,022
Tax on profit on ordinary activities	7	(125,570)	(7,048)
Profit/(loss) for the financial year	14	358,084	(3,026)

ACLAS Global Limited

Statement of total recognised gains and losses *for the year ended 31 December 2013*

	2013	2012
	US\$	US\$
Profit/(loss) for the financial year	358,084	(3,026)
Exchange difference arising on change of functional currency	-	295,164
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	358,084	292,138
	<hr/> <hr/>	<hr/> <hr/>

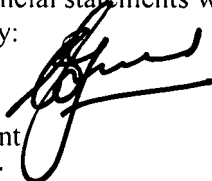
ACLAS Global Limited

Balance sheet at 31 December 2013

	<i>Note</i>	2013 US\$	2012 US\$
Fixed assets			
Tangible assets	8	314,782	546,747
Debtors: amounts falling due after more than one year	10	328,706	-
		<u>643,488</u>	<u>546,747</u>
Current assets			
Stocks	9	11,788,110	14,843,085
Debtors	10	4,298,139	4,290,609
Cash at bank and in hand		1,621,810	1,164,002
		<u>17,708,059</u>	<u>20,297,696</u>
Creditors: amounts falling due within one year	11	(10,925,641)	(13,744,812)
		<u>6,782,418</u>	<u>6,522,884</u>
Net current assets		6,782,418	6,522,884
Total assets less current liabilities		7,425,906	7,099,631
Provision for liabilities	12	-	(31,809)
		<u>7,425,906</u>	<u>7,067,822</u>
Net assets		7,425,906	7,067,822
Capital and reserves			
Called up share capital	13	32,334	32,334
Profit and loss account	14	7,393,572	7,035,488
		<u>7,425,906</u>	<u>7,067,822</u>
Shareholders' funds	15	7,425,906	7,067,822

The financial statements were approved by the board of directors on 17 June 2014 and were signed on its behalf by:

C.J. Grant
Director



ACLAS Global Limited

Notes

(forming part of the financial statements)

1 Change in functional currency during the year

The company changed its functional currency from GBP sterling to the US dollar as of 1 January 2013. The company's revenues are primarily denominated in US dollars, which is considered to be the appropriate functional currency and is also used as the presentation currency for these financial statements. The 2012 balance sheet comparative figures have been retranslated using the exchange rate ruling as at 1 January 2013, and the 2012 profit and loss account comparative figures have been retranslated using the average exchange rate for the year ended 31 December 2012.

2 Turnover

Turnover, exclusive of value added tax, is derived from the provision of aircraft spares support services:

	2013 US\$	2012 US\$
Spare parts – continuing operations	24,474,809	21,754,614
	<u> </u>	<u> </u>
All sales originated in the U.K.		

3 Statutory information

	2013 US\$	2012 US\$
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of owned assets	252,364	166,106
Loss on sale of tangible fixed assets	2,425	-
<i>Operating lease rentals</i>		
Plant and machinery	9,045	4,210
Land and buildings	255,716	264,392
<i>Auditor's remuneration</i>		
Audit of these financial statements	38,993	44,198
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2013 US\$	2012 US\$
On amounts due to group undertakings	478,872	477,904
Other charges including bank charges	38,018	47,950
	<u> </u>	<u> </u>
	516,890	525,854
	<u> </u>	<u> </u>

ACLAS Global Limited

Notes (continued)

5 Staff numbers and costs

	2013	2012
The average number of persons (including directors) employed by the company during the year was:		
Office and management	22	24

The aggregate payroll costs of these persons were as follows:

	2013 US\$	2012 US\$
Wages and salaries	731,817	876,828
Social security costs	81,623	98,312
Other pension costs	23,607	20,164
Other emoluments	51,294	48,701
	<u>888,341</u>	<u>1,044,005</u>

Pension costs charged represent the contributions payable by the company to individual employees' personal pension plans and amounted to US\$23,607 (2012: US\$20,164).

6 Directors' remuneration

	2013 US\$	2012 US\$
Directors' emoluments	-	-

In the current year, certain directors were remunerated by ASL Aviation Group Limited (ASL) or other subsidiaries of ASL. A management charge of US\$606,999 (2012: US\$536,180) has been made by ASL or other subsidiaries of ASL to the company inclusive of the service of these directors.

ACLAS Global Limited

Notes (continued)

7 Tax on profit on ordinary activities

	2013	2012
	US\$	US\$
<i>UK corporation tax:</i>		
Corporation tax - current year	55,722	2,672
Group relief – current year	97,558	9,629
Adjustment in respect of prior years	22,043	(645)
	<hr/>	<hr/>
Current tax charge (see below)	175,323	11,656
<i>Deferred taxation (note 12):</i>		
Origination and reversal of timing differences	(45,307)	(3,867)
Effect of change in tax rate	(4,446)	(741)
	<hr/>	<hr/>
Deferred tax credit	(49,753)	(4,608)
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	125,570	7,048
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting current tax charge for year:		
	2013	2012
	US\$	US\$
The tax assessed for the year differs from the 23.25% standard rate of corporation tax in the UK (2012: 24.5%). The differences are explained below:		
Profit on ordinary activities before tax	483,654	4,022
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK (23.25%) (2012: 24.5%)	112,450	985
<i>Effects of:</i>		
Expenses not deductible for tax purposes	8,481	4,777
Depreciation in excess of capital allowances	35,660	3,867
Adjustments in respect of prior periods	22,043	(645)
Other items	(3,311)	2,672
	<hr/>	<hr/>
Current tax charge for year	175,323	11,656
	<hr/> <hr/>	<hr/> <hr/>

ACLAS Global Limited

Notes (continued)

8 Tangible fixed assets

	Leasehold improvements US\$	Fixtures and fittings US\$	Computer equipment US\$	Motor vehicles US\$	Total US\$
<i>Cost</i>					
At beginning of year	127,329	356,489	338,266	189,691	1,011,775
Additions in year	-	5,694	18,110	-	23,804
Disposals in year	-	(12,066)	(24,269)	-	(36,335)
	<u>127,329</u>	<u>350,117</u>	<u>332,107</u>	<u>189,691</u>	<u>999,244</u>
<i>Depreciation</i>					
At beginning of year	72,527	197,052	118,077	77,372	465,028
Charged for year	21,125	106,602	94,476	30,161	252,364
Eliminated on disposal	-	(12,067)	(20,863)	-	(32,930)
	<u>93,652</u>	<u>291,587</u>	<u>191,690</u>	<u>107,533</u>	<u>684,462</u>
<i>Net book value</i>					
At 31 December 2013	<u>33,677</u>	<u>58,530</u>	<u>140,417</u>	<u>82,158</u>	<u>314,782</u>
At 31 December 2012	<u>54,802</u>	<u>159,437</u>	<u>220,189</u>	<u>112,319</u>	<u>546,747</u>

9 Stocks

	2013 US\$	2012 US\$
Aircraft spares	<u>11,788,110</u>	<u>14,843,085</u>

In the opinion of the directors the fair value of the aircraft spares stocks is greater than its carrying value.

ACLAS Global Limited

Notes (continued)

10 Debtors

	2013 US\$	2012 US\$
<i>Amounts falling due within one year</i>		
Trade debtors	3,240,188	3,257,856
Amounts owed by group undertakings	156,791	251,651
Other debtors	113,098	218,901
VAT recoverable	288,433	172,688
Prepayments and accrued income	481,685	389,513
Deferred tax asset (note 12)	17,944	-
	<hr/>	<hr/>
	4,298,139	4,290,609
	<hr/>	<hr/>
<i>Amounts falling due after more than one year</i>		
Trade debtors	328,706	-
	<hr/>	<hr/>
Total debtors	4,626,845	4,290,609
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	2013 US\$	2012 US\$
Trade creditors	1,937,481	2,431,302
Amounts owed to group undertakings	7,191,375	9,224,215
Taxation and social security	24,640	25,503
Corporation tax	153,280	-
Group relief payable	-	1,005,969
Other creditors	209,011	-
Accruals and deferred income	1,409,854	1,057,823
	<hr/>	<hr/>
	10,925,641	13,744,812
	<hr/>	<hr/>

Amounts owed to group undertakings include interest-bearing loans from the ultimate parent undertaking, ASL Aviation Group Limited, of US\$7,135,909 (2012: US\$6,280,329), and from the immediate parent undertaking, ACL Aircraft Trading Limited, of US\$Nil (2012: US\$499,973) (Note 19). These loans bear interest at 6% (2012: 6%) and 3.5% (2012: 3.5%) respectively and are repayable on demand.

ACLAS Global Limited

Notes (continued)

12 Deferred taxation

	2013 US\$	2012 US\$
Deferred taxation (asset)/liability	(17,944)	31,809

The movement in deferred taxation during the year is as follows:

	2013 US\$	2012 US\$
Liability at beginning of year	31,809	34,971
Credit for the year (note 7)	(49,753)	(4,608)
Exchange difference arising on change of functional currency	-	1,446
(Asset)/liability at end of year	(17,944)	31,809

The deferred tax asset at 31 December 2013 primarily relates to differences between the tax and accounting depreciation of assets.

13 Share capital

	2013 US\$	2012 US\$
Authorised:		
100,000 ordinary shares of £1 each	161,671	161,671
Allotted, issued and fully paid:		
20,000 ordinary shares of £1 each	32,334	32,334

14 Reconciliation of profit and loss account reserve

	2013 US\$	2012 US\$
At beginning of year	7,035,488	6,743,350
Profit/(loss) for the year	358,084	(3,026)
Exchange difference arising on change of functional currency	-	295,164
At end of year	7,393,572	7,035,488

ACLAS Global Limited

Notes (continued)

15 Reconciliation of movement in shareholders' funds

	2013 US\$	2012 US\$
At beginning of year	7,067,822	6,775,684
Profit/(loss) for the financial year	358,084	(3,026)
Exchange difference arising on change of functional currency	-	295,164
	<hr/>	<hr/>
At end of year	7,425,906	7,067,822
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16 Commitments

Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013		2012	
	Land and buildings US\$	Plant and machinery US\$	Land and buildings US\$	Plant and machinery US\$
Expiring:				
Within one year	-	-	-	3,168
Between two and five years	226,729	-	236,040	-
	<hr/>	<hr/>	<hr/>	<hr/>
	226,729	-	236,040	3,168
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17 Related party transactions

The company has availed of the exemption contained in FRS8 – *Related Party Transactions* from the requirement to disclose details of transactions with group undertakings which are wholly owned within the group.

Details of the availability of group consolidated financial statements are given in note 19.

18 Guarantees

The company has jointly guaranteed the bank borrowings of its immediate parent company, ACL Aircraft Trading Limited. At 31 December 2013 ACL Aircraft Trading Limited had no outstanding bank borrowings (2012: US\$Nil)

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Notes *(continued)*

19 Ultimate parent undertaking

The company's immediate parent company is ACL Aircraft Trading Limited, a company registered in the UK. ASL Aviation Group Limited ("ASL"), a company registered in Ireland, holds a 100% interest in ACL Aircraft Trading Limited. 51% of the share capital of ASL is owned by Compagnie Maritime Belge NV ("CMB"), a company registered in Belgium. The remaining 49% of the share capital of ASL is owned by 3P Air Freighters Limited ("3P"), an Irish registered company. ASL is a joint venture undertaking of CMB and 3P.

Copies of the consolidated financial statements of ASL Aviation Group Limited may be obtained from the Companies Registration Office, 14 Parnell Square, Dublin 1, Ireland.

20 Approval of financial statements

The board of directors approved these financial statements on 17 June 2014.