

**A.E.R. STAFFORD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

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## A.E.R. STAFFORD LIMITED

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### COMPANY INFORMATION

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**Directors**

M A Rushin (appointed 1 March 2009)  
A R Patel (appointed 1 March 2011)  
M J Lewis (appointed 4 January 2021)  
C Bamford (appointed 2 July 2021)  
C Godfrey (appointed 8 October 2021)

**Company secretary** A R Patel

**Registered number** 06860899

**Registered office**

The Avon Building Units 137-145  
South Liberty Lane  
Bristol  
BS32TL

**Independent auditors**

Randall & Payne LLP  
Chargrove House  
Shurdington Road  
Shurdington  
Cheltenham  
GL51 4GA

**Bankers**

Barclays Bank Plc  
4th Floor  
Bridgwater House  
Finzels Reach  
Counterslip  
Bristol  
BS1 6BX

**Solicitors**

Star Legal  
11 Great George Street  
Clifton  
Bristol  
BS1 5RR

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**A.E.R. STAFFORD LIMITED**

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## **A.E.R. STAFFORD LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022**

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#### **Introduction and principal activity**

The Directors present their strategic report for the year ended 31 March 2022. The principal activity of the Company is the manufacture of foam ducting, vacuum formed components, NVH, seals, gaskets and mouldings.

#### **Fair review of the business**

Notwithstanding the continuing impact of the coronavirus pandemic in the world economy, the Directors are pleased to report another good performance. The directors believe this strong financial performance reflects the significant investments in machinery, premises and strategic recruitment.

In line with the Group as a whole, AER Stafford Limited has looked to engender an empowering innovative spirit across its knowledgeable workforce to combine industry leading expertise with contract winning flexibility into significant contract wins.

AER Stafford has also taken the opportunity to strengthen its management team and adding depth to its technical and leadership capabilities. In addition to this, AER Stafford has engaged with local schools, colleges and apprentice centres to promote engineering skills and offer career pathways to young people.

Critical to the company's contract successes has been the close development work with fellow Group companies. The company has been able to demonstrate not only the group's capabilities but provide an overall cost-efficient solution which gives the customer the service it requires to succeed in its own highly competitive market place.

The Company is mindful of its environmental responsibilities, by continually exploring routes to further increase energy efficiencies and reducing waste. An extensive assessment of global supply chains, stock holding and material selection has taken place to determine the supply risk and environmental impact. This will remain high on the agenda and are providing both suppliers and customers with opportunities to reach Net Zero targets.

#### **Results and Key performance indicators**

The directors and senior managers maintain a policy of regular review and tight control of the business using key performance indicators which include all key financial and non-financial measures.

With a very strong underpinning of cash control, benchmarking and analysis of all key budgetary data including monitoring of potential environmental impacts, the company ensures a clear and fundamental understanding of its business at all stages of the year.

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## A.E.R. STAFFORD LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### Principal risks and uncertainties

The Company operates in a challenging, global environment which has a range of risks and uncertainties. Some of these are highlighted below:

Foreign currency fluctuations have continued after Brexit and have proved challenging to minimise their impact on operations and results.

Market share demands the need to provide a competitive edge with both new and existing customers. This makes gaining & maintaining healthy margins a constant challenge.

Supply chain disruption following Brexit and the coronavirus pandemic combined with real and manufactured shortages can reduce ability to supply on time in, full, and also affect the ability to win new business and achieve operational results.

Product performance that does not meet expectations can cause reliability and safety issues. It remains important that all standards are maintained across the whole process of design, manufacture and delivery. To do otherwise could potentially have severe, long term consequences.

Raw material price increases from supply and demand issues linked to real or temporary shortages can adversely impact margins if their effects cannot be mitigated through efficiencies or passed on through price increases to the customers.

Significant investment programmes are required to keep machines and processes both modern and competitive. Not to do so would impact the efficiency and effectiveness of business operations and ultimately market share.

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## A.E.R. STAFFORD LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### Risk management

Risk management is reviewed regularly by both directors and senior management.

Specific mitigation against principal risks include:

The ability to minimize fluctuations with support from the Group's banking facility.

The Company, in line with the Group ethos, constantly strives to improve by investing in training and quality improvements. Liaising with key customers & suppliers on quality and performance improvement, the Company ensures the next generation products, materials and capital equipment all possess world leading qualities.

The Company has several 'partnership' trading agreements with both customers and suppliers that allow for material price fluctuations and exchange rate movements to be passed on seamlessly.

In its trading history, the Company has proved itself in maintaining long term relationships with critical suppliers. Operating within a constantly changing business environment, however, alternative sources of the supply of material and services need to be regularly reviewed ensuring the company has plans in place to meet any possible breakdowns in supply from key suppliers.

#### Global Events Statement

The outbreak and continued spread of the coronavirus pandemic with its multiple mutations brought about rapidly changing developments to our business. The impact of the pandemic is still being felt in our industry.

We recognize that our primary concern is for the health and safety of our work colleagues and our stakeholders including customer and supply partners.

While government has relaxed its guidelines, we remain vigilant and continue with additional cleaning, hygiene and sanitization procedures throughout our facility.

We are safely managing all aspects of our operations to ensure continuity and support to our customers. We have not suffered any significant impact to our supply chain and at this stage we expect no change in that situation.

The double crises of Russia's invasion of Ukraine and China's new covid 19 lockdowns are jolting the world recovery by exacerbating inflation and hurting growth around the world.

Although these world events were unexpected and the impact of covid 19 has continued longer than hoped, we entered the period of great uncertainty in a strong financial position and, as can be seen from our financial performance in the year being reported upon, we move into the new year in a strong financial position. We remain flexible and ready to act quickly and as appropriate to mitigate against trading conditions becoming more challenging.

We remain confident in our funding position, with no material debt and our assets unencumbered.

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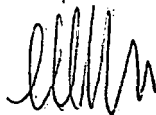
**A.E.R. STAFFORD LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2022**

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This report was approved by the board and signed on its behalf.



.....  
**M A Rushin**  
Director

Date: 23 September 2022

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## A.E.R. STAFFORD LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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The Directors present their report and the financial statements for the year ended 31 March 2022.

#### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, 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 the Directors have 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 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 for the Company's financial statements 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The profit for the year, after taxation, amounted to £89,658 (2021 - £910,594).

#### Directors

The Directors who served during the year were:

M A Rushin (appointed 1 March 2009)  
A R Patel (appointed 1 March 2011)  
M J Lewis (appointed 4 January 2021)  
C Bamford (appointed 2 July 2021)  
C Godfrey (appointed 8 October 2021)

#### Future developments

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.



**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2022**

**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'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's auditors are aware of that information.

**Post balance sheet events**

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

**Auditors**

The auditors, Randall & Payne LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
M A Rushin  
Director

Date: 23 September 2022

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## A.E.R. STAFFORD LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.E.R. STAFFORD LIMITED

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#### Opinion

We have audited the financial statements of A.E.R Stafford Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of comprehensive income, the Balance sheet, the 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 Company's affairs as at 31 March 2022 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.

#### 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 Company 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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## A.E.R. STAFFORD LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.E.R. STAFFORD LIMITED (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, 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.

#### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are 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 Directors determine 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 Directors are responsible for assessing the 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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## A.E.R. STAFFORD LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.E.R. STAFFORD LIMITED (CONTINUED)

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#### 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our audit planning process gave consideration to the risk of material misstatement in the financial statements, using the calculated materiality level which itself factored in the nature of the Company's operations and the interpreted levels of inherent and control risk.

In assessing the risk of fraud we reviewed management's own assessment of potential for fraud within the entity and reviewed judgements made by management to identify possible bias, in addition to any opportunity and incentive for fraud that are inherent in the nature of the Company's operations. Our detailed testing included review of accounting estimates and judgements and validation of prime ledger entries.

We confirmed our knowledge of the legal and regulatory environment of the entity through discussions with management. We analysed all information available to us in respect of relevant laws and regulations, including the Companies Act 2006 and relevant UK tax legislation and enquired with management as to any possible breached in the aforementioned.

We agreed the accuracy of the financial statements to the supporting management information provided by the client and tested individually on a sample basis the income and expenditure in the financial statements to consider the business rationale behind the transactions and the accuracy of the financial records.

Our audit testing did not identify and issues in respect of the matters listed above, including fraud.

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](http://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.

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A.E.R. STAFFORD LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.E.R. STAFFORD LIMITED (CONTINUED)

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Ryan Moore CA (Senior statutory auditor)  
for and on behalf of

**Randall & Payne LLP**

Chargrove House

Shurdington Road

Shurdington

Cheltenham

GL51 4GA

Date: 30 September 2022

# A.E.R. STAFFORD LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Turnover		13,341,128	15,425,876
Cost of sales		(10,389,378)	(12,642,128)
<b>Gross profit</b>		<b>2,951,750</b>	<b>2,783,748</b>
Distribution costs		(312,463)	(417,107)
Administrative expenses		(2,846,984)	(2,561,698)
Other operating income		409,807	1,266,565
<b>Operating profit</b>		<b>202,110</b>	<b>1,071,508</b>
Interest receivable and similar income		-	182
Interest payable and similar expenses		(5,457)	(3,258)
<b>Profit before tax</b>		<b>196,653</b>	<b>1,068,432</b>
Tax on profit		(106,995)	(157,838)
<b>Profit for the financial year</b>		<b>89,658</b>	<b>910,594</b>

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 16 to 30 form part of these financial statements.

**A.E.R. STAFFORD LIMITED**  
**REGISTERED NUMBER: 06860899**

**BALANCE SHEET**  
**AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets		2,479,600	2,625,537
		<u>2,479,600</u>	<u>2,625,537</u>
<b>Current assets</b>			
Stocks	1,196,482	1,141,807	
Debtors: amounts falling due within one year	10,450,914	15,031,105	
Cash at bank and in hand	195,924	115,086	
	<u>11,843,320</u>	<u>16,287,998</u>	
Creditors: amounts falling due within one year	(5,782,174)	(10,526,635)	
<b>Net current assets</b>		<u>6,061,146</u>	<u>5,761,363</u>
<b>Total assets less current liabilities</b>		<u>8,540,746</u>	<u>8,386,900</u>
<b>Provisions for liabilities</b>			
Deferred tax	(232,268)	(168,080)	
		<u>(232,268)</u>	<u>(168,080)</u>
<b>Net assets</b>		<u><u>8,308,478</u></u>	<u><u>8,218,820</u></u>
<b>Capital and reserves</b>			
Called up share capital		10,000	10,000
Profit and loss account		8,298,478	8,208,820
		<u><u>8,308,478</u></u>	<u><u>8,218,820</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....  
**M A Rushin**  
 Director

Date: 23 September 2022

The notes on pages 16 to 30 form part of these financial statements.

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**A.E.R. STAFFORD LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2021	10,000	8,208,820	8,218,820
<b>Comprehensive income for the year</b>			
Profit for the year	-	89,658	89,658
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	89,658	89,658
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2022</b>	<b>10,000</b>	<b>8,298,478</b>	<b>8,308,478</b>

The notes on pages 16 to 30 form part of these financial statements.



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**A.E.R. STAFFORD LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	10,000	7,298,226	7,308,226
<b>Comprehensive income for the year</b>			
Profit for the year	-	910,594	910,594
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	910,594	910,594
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2021</b>	<b>10,000</b>	<b>8,208,820</b>	<b>8,218,820</b>

The notes on pages 16 to 30 form part of these financial statements.

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**A.E.R. STAFFORD LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2022**

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	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	115,086	80,838	195,924
	<u>115,086</u>	<u>80,838</u>	<u>195,924</u>

The notes on pages 16 to 30 form part of these financial statements.

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## A.E.R. STAFFORD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 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:

Units 137-145  
South Liberty Lane,  
Bristol,  
Avon,  
BS3 2T

The principal place of business (trading office) is:

Bellsiz Close  
Norton Canes  
Cannock  
WS11 9TQ

#### 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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The Company is part of the Avon Manufacturing Group. The Group have updated their Strategic Plan to reflect reasonable scenarios as a result of the global economy, which have been reviewed by the directors. These demonstrate the Company is still forecast to generate significant profits and cash in the year ending 31 March 2023 and beyond and that the Company has sufficient cash reserves to enable the Company to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. The directors are therefore satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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.

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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**2. Accounting policies (continued)**

**2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

**2.8 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 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.

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## A.E.R. STAFFORD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, with reference to the categories below..

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the life of the lease
Plant and machinery	- 10% - 25% per annum straight line
Motor vehicles	- 20% - 25% per annum straight line
Office equipment	- 10% - 25% per annum straight line

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 profit or loss.

##### 2.14 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.

##### 2.15 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.

##### 2.16 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.

##### 2.17 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.

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## A.E.R. STAFFORD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

##### 2.19 Financial instruments

The Company 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 ordinary shares.

#### 3. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sale of goods	13,341,128	15,425,876
	<u>13,341,128</u>	<u>15,425,876</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	11,475,856	13,345,714
Rest of the world	1,865,272	2,080,162
	<u>13,341,128</u>	<u>15,425,876</u>



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**A.E.R. STAFFORD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**4. Other operating income**

	2022 £	2021 £
Other operating income	-	50,000
Government grants receivable	409,807	1,216,565
	<u>409,807</u>	<u>1,266,565</u>

**5. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Research & development charged as an expense	-	129
Exchange differences	(34,972)	(137,643)
Other operating lease rentals	409,796	409,371
Depreciation expense	382,132	383,047
	<u>382,132</u>	<u>383,047</u>

**6. Auditors' remuneration**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,450	11,895
	<u>12,450</u>	<u>11,895</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

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**A.E.R. STAFFORD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**7. Employees**

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

	2022 £	2021 £
Wages and salaries	3,628,533	4,183,728
Social security costs	333,497	340,796
Cost of defined contribution scheme	130,125	121,133
	<u>4,092,155</u>	<u>4,645,657</u>

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

	2022 No.	2021 No.
Production	111	144
Administration & support	34	44
	<u>145</u>	<u>188</u>

**8. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	236,959	70,607
Company contributions to defined contribution pension schemes	41,714	40,000
	<u>278,673</u>	<u>110,607</u>

During the year retirement benefits were accruing to 3 Directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £116,420. Within this, the value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £40,000.

**A.E.R. STAFFORD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**9. Interest receivable**

	2022 £	2021 £
Other interest receivable	-	182
	<u>-</u>	<u>182</u>

**10. Interest payable and similar expenses**

	2022 £	2021 £
Bank interest payable	5,457	3,258
	<u>5,457</u>	<u>3,258</u>

**11. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	41,051	142,491
Adjustments in respect of previous periods	1,756	-
	<u>42,807</u>	<u>142,491</u>
<b>Total current tax</b>	<u>42,807</u>	<u>142,491</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	64,188	15,347
<b>Total deferred tax</b>	<u>64,188</u>	<u>15,347</u>
<b>Taxation on profit on ordinary activities</b>	<u>106,995</u>	<u>157,838</u>

**A.E.R. STAFFORD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	196,653	1,068,432
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	37,364	203,002
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(4,909)	(22,308)
Decrease in current tax from adjustment for prior periods	(823)	(22,856)
Other differences leading to an increase (decrease) in the tax charge	75,363	-
<b>Total tax charge for the year</b>	<b>106,995</b>	<b>157,838</b>

**12. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Assets under construction £
<b>Cost or valuation</b>					
At 1 April 2021	192,002	3,935,531	340,387	175,697	-
Additions	-	-	177,433	-	72,328
Disposals	-	-	(134,680)	-	-
At 31 March 2022	192,002	3,935,531	383,140	175,697	72,328
<b>Depreciation</b>					
At 1 April 2021	18,975	1,665,071	195,860	138,175	-
Charge for the year on owned assets	3,840	293,936	65,823	18,533	-
Disposals	-	-	(121,115)	-	-
At 31 March 2022	22,815	1,959,007	140,568	156,708	-

**A.E.R. STAFFORD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**12. Tangible fixed assets (continued)**

**Net book value**

At 31 March 2022	169,187	1,976,524	242,572	18,989	72,328
At 31 March 2021	173,027	2,270,460	144,527	37,523	-

**Total  
£**

**Cost or valuation**

At 1 April 2021	4,643,617
Additions	249,761
Disposals	(134,680)
At 31 March 2022	4,758,698

**Depreciation**

At 1 April 2021	2,018,081
Charge for the year on owned assets	382,132
Disposals	(121,115)
At 31 March 2022	2,279,098

**Net book value**

At 31 March 2022	2,479,600
At 31 March 2021	2,625,537

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Long leasehold	-169,187	173,027
	169,187	173,027

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**A.E.R. STAFFORD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**13. Stocks**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	<b>733,872</b>	<b>800,785</b>
Work in progress (goods to be sold)	<b>105,749</b>	<b>176,554</b>
Finished goods and goods for resale	<b>356,861</b>	<b>164,468</b>
	<b><u>1,196,482</u></b>	<b><u>1,141,807</u></b>

**14. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>3,362,920</b>	<b>4,657,922</b>
Amounts owed by group undertakings	<b>6,981,955</b>	<b>9,892,074</b>
Prepayments and accrued income	<b>106,039</b>	<b>481,109</b>
	<b><u>10,450,914</u></b>	<b><u>15,031,105</u></b>

**15. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>195,924</b>	<b>115,086</b>
	<b><u>195,924</u></b>	<b><u>115,086</u></b>

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**A.E.R. STAFFORD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**16. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	2,108,124	2,930,770
Amounts owed to group undertakings	92,303	2,610,073
Corporation tax	42,807	294,535
Other taxation and social security	576,804	1,213,211
Other creditors	2,752,233	3,303,679
Accruals and deferred income	209,903	174,367

Included within other creditors is £2,702,229 (2021: £3,283,130) relating to a confidential invoice discount agreement with Barclays Bank plc. This balance is secured on the trade debts of the Company.

Barclays Bank plc hold a fixed charge on purchased debts which fail to vest and a floating charge on proceeds of other debts.

**17. Financial instruments**

	2022 £	2021 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	195,924	115,086

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

**18. Deferred taxation**

	2022 £
At beginning of year	(168,080)
Charged to profit or loss	(64,188)
<b>At end of year</b>	<b>(232,268)</b>

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**A.E.R. STAFFORD LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**18. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(232,268)	(168,080)
	<u>(232,268)</u>	<u>(168,080)</u>

**19. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
10,000 (2021 - 10,000) Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

**20. Reserves****Profit and loss account**

This reserve records retained earnings and accumulated losses.

**21. Contingent liabilities**

The company is party to a cross guarantee in favour of Barclays Bank Plc in respect of loans held in the immediate parent company, Avon Group Manufacturing (Holdings) Limited. The amount payable at the balance sheet date has been disclosed in the accounts of the parent company.

**22. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £130,125 (2021 - £121,133).

**23. Related party transactions**

The Company has taken advantage of the exemption available under Section 33 1A of Financial Reporting Standard 102, not to disclose transactions with other wholly owned members of the Group.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**24. Controlling party**

The Company's immediate parent is Avon Group Manufacturing (Holdings) Limited, incorporated in England.

The ultimate controlling party is Mr M Rushin by virtue of his shareholding.

The parent of the largest group in which these financial statements are consolidated is Avon Group Manufacturing (Holdings) Limited, incorporated in England.

The address of Avon Group Manufacturing (Holdings) Limited is:

The Avon Building  
Units 137 - 145  
South Liberty Lane  
Bedminster  
Bristol  
England  
BS3 2TL