



Hycrome Aerospace Limited
Directors' report and financial statements
for the 52 weeks ended 28 September 2017

Registered Number SC491503

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Hycrome Aerospace Limited

Strategic Report

Principal Activities

Hycrome Aerospace Limited provides specialist surface treatments, thermal coating processes and component manufacture to civil and military aerospace markets. The business has concluded its first full financial year since its separation from Hycrome Europe. Hycrome Aerospace has made key strategic gains during 2016-17 with additional accreditations from Airbus Industries, Safran Aerospace and Rolls Royce. These approvals will allow the development of key clients within the next 12 months.

Business Model

Hycrome Aerospace has continued to develop its process activities throughout the financial year with the introduction of Automated PLC controlled TSA (Tartaric, Sulphuric Acid) anodising process line that not only gives the business greater capacity but permits the transfer of work packages from the potentially environmentally harmful process of Chromic Anodising to the far greener process of TSA. Hycrome Aerospace has seen growth both within its existing customer base and the introduction of new clients. Hycrome Aerospace achieved a 95% on time delivery performance (Silver status to SC21 measures) and a quality performance at 99.77% (Gold status awarded to SC21 measures).

Business Review and Results

The Company turnover for the 52 weeks ending 28 September 2017 was £5,552,560 (2016: £1,648,712) with a net profit before tax of £285,851 (2016: £12,840). This represented a 30% increase on the original budget. Hycrome Aerospace Limited has increased its number of employees during the reporting period from 61 to 77.

Key Performance Indicators (KPIs)

KPIs within the business are measured monthly across Safety, Quality, Cost, Delivery & People Indicators. Annual targets have been set and communicated to the Company employees for the 2017-18. The business will continue its proactive drive on "right first time" compliance & achieving a delivery performance of Gold status.

Hycrome Aerospace gained AS9100 rev D accreditation, which provides the management framework for continuation and growth within the business. In addition, the Company has also enrolled on the (ADS) Aerospace, Defence & Security supplier development program SC21 C&G, with the program being underpinned and supported by mentoring from Rolls Royce, Airbus Industries and BAE systems.

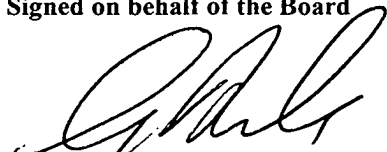
Principal Risks and Uncertainties

Hycrome Aerospace Limited is solely focused within the Aerospace market which is seeing monthly rate increases across both the Single Aisle and the Long Range civil platforms. Hycrome Aerospace must clearly demonstrate capacity and the ability to support its clients across these platforms with zero decline to on-time delivery and quality performances. The company is located in North West England where skilled labour demand in the Aerospace industry is high and like many other companies the risk of personnel losses to larger companies exists. As such the business works hard on employee retention and continues its training and development program with existing employees and a new intake of apprentices.

Future Developments

The future developments of the business are in the short term based around product improvements, leaner working practices and continual development of personnel. The business has invested in strategic CAPEX programs during the last 12 months to meet the projected business increase during the next financial year.

Signed on behalf of the Board



Conrad Ritchie
Director

10 November 2017

Hycrome Aerospace Limited

Directors' report

The directors present their Directors' report and financial statements of the company for the 52 weeks ended 28 September 2017.

Principal activity

The principal activity of the Company is providing specialist surface treatments, coating processes and component manufacture to the aerospace manufacturing industry.

Directors

The directors of the company at 28 September 2017 and up to the date of this report are:

Ian M. Cheyne - Appointed 4 August 2017
Andrew Bailey
Stephen Kelly
Ayub Bahadur
Conrad Ritchie

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' report and the Financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Political contributions

The Company made no political donations nor incurred any political expenditure during the period.

Hycrome Aerospace Limited

Directors' report (Cont)

Statement of disclosure of information to auditor

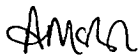
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order 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 reappointed and KPMG LLP will therefore continue in office.

In preparing this report the directors have taken advantage of section 415A of the Companies Act 2006. The directors have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

By order of the Board



Anita McRobbie
Secretary
Glenugie Engineering Works
Peterhead
AB42 0YX
10 November 2017



Independent auditor's report to the members of Hycrome Aerospace Limited

Opinion

We have audited the financial statements of Hycrome Aerospace Limited ("the Company") for the 52 weeks ended 28 September 2017 which comprise the Statement of profit and loss and retained earnings, balance sheet and related notes, including the principal accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 September 2017 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



Independent auditor's report to the members of Hycrome Aerospace Limited (Cont)

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.

David Derbyshire (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

37 Albyn Place

Aberdeen

AB10 1JB

13 November 2017

Hycrome Aerospace Limited

Statement of profit and loss and retained earnings for the 52 weeks ended 28 September 2017

	Note	2017 £	2016 £
Turnover	2	5,552,560	1,648,712
Cost of sales		(4,284,829)	(1,572,322)
Gross profit		1,267,731	76,390
Administration expenses		(922,971)	(361,649)
Other operating income	3	-	313,866
Operating profit		344,760	28,607
Interest payable and similar expenses	6	(58,909)	(15,767)
Profit before tax	3 - 5	285,851	12,840
Tax on profit	7	(99,608)	(6,248)
Profit for the financial period	15	186,243	6,592
Retained profit at the beginning of the period		6,592	-
Dividends paid		-	-
Retained profit at the end of the period	15	192,835	6,592

The above results all relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

The company has no other comprehensive income and therefore no separate statement of other comprehensive income has been presented.

Hycrome Aerospace Limited

Balance sheet as at 28 September 2017 (SC491503)

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	8		420,028		540,028
Tangible assets	9		2,237,460		1,869,953
			2,657,488		2,409,981
Current assets					
Stock	10	130,628		113,972	
Debtors	11	1,661,014		1,453,734	
Cash at bank and in hand		2,038		147,987	
		1,793,680		1,715,693	
Creditors: amounts falling due within one year	12	(1,702,707)		(862,494)	
Net current assets			90,973		853,199
Total assets less current liabilities			2,748,461		3,266,180
Creditors: amounts falling due after more than one year	12		(2,500,000)		(3,240,000)
Provision for liabilities	13		(55,526)		(16,488)
Net assets			192,935		6,692
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		192,835		6,592
Shareholder's funds			192,935		6,692

The financial statements were approved by the board of directors on 10 November 2017 and were signed on its behalf by:



Conrad Ritchie
Director

Hycrome Aerospace Limited

Notes to the financial statements

1 Principal accounting policies

Hycrome Aerospace Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

Basic of preparation

The financial statements are prepared on the historical cost basis and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

The financial statements have been prepared for the 52 weeks ended 28 September 2017.

Comparative financial information reflect how the company’s business was separated and transferred from Hycrome Europe on 1 April 2016.

FRS102 reduced disclosure framework

The Company’s parent undertaking, Score Group Plc includes the Company in its consolidated financial statements. These consolidated financial statements are prepared in accordance with FRS 102 and are available to the public and may be obtained from Glenugie Engineering Works, Peterhead, Aberdeenshire, AB42 0YX. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:-

- Cash flow statement and related notes;
- Key management personnel compensation
- The reconciliation of the number of shares outstanding from the beginning to the end of the period; and
- The disclosures required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of schedule 1.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Critical accounting judgement and key sources of estimation uncertainty

The directors do not consider there to be any judgements or estimates that have a significant effect on amounts recognised in the financial statements.

Going concern

The Company’s business activities, together with the factors likely to affect its future developments and position are set out in the Strategic Report on page 1. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. However, as set out in note 18, the Company is party to a cross guarantee arrangement. In March 2017, the Company’s ultimate parent undertaking, Score Group plc, secured bank facilities with HSBC Bank Plc for a minimum period of 3 years. The directors, having assessed the responses to the enquiries of the directors of Score Group plc, believe that it remains appropriate to prepare the financial statements on a going concern basis. Further details on the facilities are provided in the consolidated financial statements of Score Group plc.

Hycrome Aerospace Limited

1 Principal accounting policies (Cont)

Tangible fixed assets

Interest in land and buildings are stated at cost. The cost of other tangible fixed assets is their purchase cost, together with any other costs that are directly attributable to bringing the asset into working condition for its intended use, less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation

Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation is calculated so as to write off the cost or valuation of other tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Land and buildings	5
Fixtures, fittings and office equipment	33 $\frac{1}{3}$
Plant and machinery	25
Motor vehicles	33 $\frac{1}{3}$

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Intangible assets - goodwill

Goodwill arising on the transfer of the Aerospace trade and assets from a fellow subsidiary undertaking represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised on a straight line basis over its expected useful economic life of 5 years.

Impairment

The Company performs impairment reviews in respect of fixed assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the recoverable amount of the asset, being the higher of the asset's net realisable value and its value in use, is found to be less than its carrying value, then an impairment loss is recognised. For assets held at historical cost any impairment loss is recognised in the profit and loss account. For assets held at valuation any impairment loss arising from a clear consumption of economic benefits is also recognised in the profit and loss account. Other impairments of revalued assets are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historical cost and thereafter the balance of the impairment is recognised in the profit and loss account.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Hycrome Aerospace Limited

1 Principal accounting policies (Cont)

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes all direct expenditure and production overheads based on the normal level of activity. Provision is made where necessary for obsolete, slow moving and defective stocks.

Operating leases

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

Costs in respect of operating leases are charged on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, or where forward foreign currency contracts have been taken out, at contractual rates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover recognition

Turnover is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of turnover can be measured reliably. Turnover from product sales is recognised when the Company has transferred to the customer the significant risks and rewards of ownership, which is normally upon delivery of the goods. Turnover from services is recognised as the service is provided. Turnover is stated net of sales taxes and trade discounts.

Post-retirement benefits

The Company contributes to individual employees' personal pension plans. The amount charged against profits represents the contributions payable to the individual pension plans in respect of the accounting period.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Hycrome Aerospace Limited

1 Principal accounting policies (Cont)

Interest receivable and Interest payable (Cont)

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Warranty provision

Provision is made, based on an assessment of historical claims made, in respect of the estimated cost of settling claims that may arise on goods sold and services provided, that are still in the warranty period.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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. Deferred tax is measured on a non-discounted basis.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Classification of financial instruments issued by the company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Hycrome Aerospace Limited

1 Principal accounting policies (Cont)

Classification of financial instruments issued by the company (Cont)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Hycrome Aerospace Limited

2 Turnover

All sales originate in the United Kingdom and relate to the aerospace industry. The geographical analysis of turnover by destination is as follows:-

	2017 £	2016 £
UK	4,861,328	1,533,717
Europe	296,803	114,995
International	394,429	-
	<u>5,552,560</u>	<u>1,648,712</u>

Sale of goods comprises of £3,784,131 (2016: £217,902) and rendering of services comprises £1,768,429 (2016: £1,430,810).

3 Expenses and auditor's remuneration

Included in profit/ loss are the following:

	2017 £	2016 £
(Gain) on sale of Fixed Assets	(9,000)	-
Depreciation of tangible fixed assets (note 9)	226,208	95,569
Amortisation of goodwill (note 8)	120,000	60,000
Loss (Gain) on foreign exchange	1,901	(75)
Management fee income	-	(313,816)
Auditors' remuneration		
Audit of these financial statements	<u>5,600</u>	<u>5,500</u>

Amounts receivable by the auditor in respect of services to the company, other than the audit of the financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Score Group plc.

Hycrome Aerospace Limited

4 Directors' remuneration

	2017 £	2016 £
Directors' remuneration	72,949	55,754
Company contributions to defined contribution pension plan	10,339	5,101
	<u>83,288</u>	<u>60,855</u>

Included above is a recharge from other companies of £1,541 (2016: £nil) for two (2016: two) directors for the services of these directors to this company.

5 Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the period was as follows:

	2017 Number	2016 Number
By activity		
Production	62	52
Administration	9	8
	<u>71</u>	<u>60</u>

The aggregate payroll costs of the persons were as follows:

	2017 £	2016 £
Wages	1,969,266	864,299
Social security costs	186,955	81,741
Company contributions to defined contribution pension plan (note 16)	51,763	23,843
	<u>2,207,984</u>	<u>969,883</u>

6 Interest payable and similar expenses

	2017 £	2016 £
On amounts owed to group companies	<u>58,909</u>	<u>15,767</u>

Hycrome Aerospace Limited

7 Taxation

Total tax expense recognised in the profit and loss account.

	2017 £	2016 £
Current tax		
Current tax on income for the period	-	6,248
Total current tax	-	6,248
Group relief		
Current tax on income for the period	81,354	-
Adjustments in respect of prior periods	18,254	-
	99,608	-
Total tax	99,608	6,248

Reconciliation of effective tax rate

	2017 £	2016 £
Profit for the year	186,243	6,592
Total tax expense	99,608	6,248
Profit excluding tax	285,851	12,840
Tax using the UK Corporation tax rate of 19.5% (2016: 20%)	55,741	2,568
Expenses not deductible for tax purposes	445	20
Deferred tax not recognised	(12,370)	4,792
Ineligible fixed assets	37,536	19,251
Adjustments to tax in respect of previous periods	18,254	-
Deferred tax transferred from group undertaking	-	(21,228)
Other	2	845
Total tax expense included in profit or loss	99,608	6,248

Factors affecting future tax charges

Reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and further to 18% (effective 1 April 2020) were substantively enacted on 26 October by 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The unprovided deferred tax asset at 28 September 2017 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Hycrome Aerospace Limited

8 Intangible assets

	Goodwill £
Cost	
29 September 2016 and 28 September 2017	600,028
Amortisation	
29 September 2016	60,000
Charge for the period	120,000
28 September 2017	180,000
Net book value	
29 September 2016	540,028
28 September 2017	420,028

9 Tangible assets

	Land & buildings £	Assets under construction £	Fixtures & fittings £	Plant & Machinery £	Motor vehicles £	Total £
Cost						
29 September 2016	1,450,000	38,476	13,014	1,727,285	62,496	3,291,271
Additions	-	4,291	-	282,071	27,000	313,362
Disposals	-	-	-	-	(23,250)	(23,250)
Transfers from Group undertakings	-	-	-	280,353	-	280,353
Transfers	-	(38,476)	-	38,476	-	-
28 September 2017	1,450,000	4,291	13,014	2,328,185	66,246	3,861,736
Depreciation						
29 September 2016	36,253	-	10,760	1,339,163	35,142	1,421,318
Charge for the period	72,505	-	1,224	131,899	20,580	226,208
Disposals	-	-	-	-	(23,250)	(23,250)
28 September 2017	108,758	-	11,984	1,471,062	32,472	1,624,276
Net book value						
29 September 2016	1,413,747	38,476	2,254	388,122	27,354	1,869,953
28 September 2017	1,341,242	4,291	1,030	857,123	33,774	2,237,460

Hycrome Aerospace Limited

10 Stock

The amounts attributable to different categories are as follows:

	2017 £	2016 £
Raw materials	75,955	49,395
Work in progress	47,430	64,577
Finished goods	7,243	-
	130,628	113,972

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £99,658 (2016: £102). The write-down of stocks to net realisable value amounted to £19,607 (2016: £nil).

11 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	1,457,675	986,318
Amounts owed by group undertakings	148,908	423,332
Prepayments and accrued income	54,431	44,084
	1,661,014	1,453,734

12 Creditors

Amounts falling due within one year:	2017 £	2016 £
Bank loans and overdrafts	401,714	-
Trade creditors	484,603	317,441
Amounts due to group undertaking	138,190	166,643
Corporation tax	-	6,248
Group relief	81,354	-
Tax and social security costs	200,460	151,382
Accruals and deferred income	396,386	220,780
	1,702,707	862,494

Interest was charged on non-trading intercompany balances at a rate of base rate plus 2.5%.

Included within bank loans and overdrafts is an amount of £401,714 (2016: £nil) relating to invoice financing secured against certain trade debtors which is undertaken on a full non-recourse basis.

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12 Creditors (Cont)

	2017	2016
	£	£
Amounts falling due after more than one year:		
Loans due to group undertakings	2,500,000	3,240,000

Under the terms of the loan agreement there are no repayments scheduled during the next 12 months and this will be reviewed at the next year end date. Interest was charged at a rate of base rate plus 2.5%.

13 Provision for liabilities

	2017
	£
29 September 2016	16,488
Utilised in the period	(16,488)
Provided in the period	55,526
28 September 2017	55,526

The warranty provision is in respect of sales potentially subject to claims and it is expected that most of these costs will be incurred in the next financial year.

14 Called up share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
100 ordinary shares of £1	100	100

15 Reserves

	Profit and loss account £
29 September 2016	6,592
Profit for the financial period	186,243
28 September 2017	192,835

Hycrome Aerospace Limited

16 Pension contributions

The company contributes to individual employees' personal pension plans. Contributions in the period amounted to £51,763 (29 September 2016: £23,843). Contributions amounting to £6,766 (2016: £8,173) were payable at the period end and are included in creditors.

17 Deferred taxation

A deferred tax asset of £9,444 (2016: £4,792), consisting of £8,294 (2016: £3,403) of capital allowances and £1,150 (2016: £1,389) of disallowable provisions, calculated at 17% has not been recognised as there is insufficient evidence that the asset would be recoverable.

18 Contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The Company has an agreement to guarantee the bank borrowings of its ultimate parent company, Score Group plc. At 28 September 2017 the net position on the group borrowing was £5,883,806 (2016:£ 12,736,914). The assets of the company are secured by a bond and floating charge.

19 Related party disclosures

During the year the company made sales of £259,063 (2016:£ 462,235) and purchases of £nil (2016:£372,791) from Hycrome (Europe) Limited, a fellow subsidiary company.

Included in creditors due within one year is an amount of £53,368 (2016: £135,255) due to Hycrome (Europe) Limited and within creditors due out with one year is an amount of £2,500,000 (2016: £2,500,000) due to Hycrome (Europe) limited and £nil (2016: £740,000) due to Score Group plc. The company is due £6,338 from Hycrome (Europe) Limited at 28 September 2017 (2016: £423,332) and is included in debtors due within one year.

20 Immediate and ultimate parent company and controlling party

The Company is a subsidiary undertaking of Score Group plc which is the ultimate parent company incorporated in Scotland. The only group in which the results of the Company are consolidated is that headed by Score Group plc. The consolidated financial statements of the group are available to the public and may be obtained from the company secretary at Glenugie Engineering Works, Peterhead, AB42 0YX. The directors consider the executors of the estate of Mr C B Ritchie to be the ultimate controlling party by virtue of their controlling interest in the equity capital of Score Group plc.