

Company Registration No. 03897611 (England and Wales)

PRIME AIR EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

PRIME AIR EUROPE LIMITED

COMPANY INFORMATION

Directors B M Cohen
C L Macau

Secretary E R Letendre

Company number 03897611

Registered office 30 Camp Road
Farnborough
Hampshire
GU14 6EW

Auditor Haines Watts Farnborough LLP
30 Camp Road
Farnborough
Hampshire
GU14 6EW

PRIME AIR EUROPE LIMITED

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PRIME AIR EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present their annual report and financial statements for the year ended 31 October 2018.

Principal activities

The principal activities of the company continued to be the provision of marketing consultancy services to the worldwide airline industry and the sale of aircraft spare parts.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B M Cohen
C L Macau

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

B M Cohen
Director
31 May 2019

PRIME AIR EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIME AIR EUROPE LIMITED

Opinion

We have audited the financial statements of Prime Air Europe Limited (the 'company') for the year ended 31 October 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 FRS 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 October 2018 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 Auditor's *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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

PRIME AIR EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PRIME AIR EUROPE LIMITED

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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Roslyn McFarlane (Senior Statutory Auditor)
for and on behalf of Haines Watts Farnborough LLP

17 June 2019

Chartered Accountants
Statutory Auditor

30 Camp Road
Farnborough
Hampshire
GU14 6EW

PRIME AIR EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2018

	Notes	2018 \$	2017 \$
Turnover		11,614,157	10,105,113
Cost of sales		(8,894,756)	(7,701,504)
		<hr/>	<hr/>
Gross profit		2,719,401	2,403,609
Distribution costs		(142,400)	(111,636)
Administrative expenses		(1,209,476)	(1,008,345)
		<hr/>	<hr/>
Operating profit		1,367,525	1,283,628
Interest payable and similar expenses		(159)	(1,195)
		<hr/>	<hr/>
Profit before taxation		1,367,366	1,282,433
Tax on profit	4	(247,031)	(261,681)
		<hr/>	<hr/>
Profit for the financial year		<u>1,120,335</u>	<u>1,020,752</u>

PRIME AIR EUROPE LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 2018

	Notes	2018		2017	
		\$	\$	\$	\$
Fixed assets					
Tangible assets	5		12,659		8,790
Current assets					
Stocks		1,558,390		713,146	
Debtors	6	2,057,892		3,064,762	
Cash at bank and in hand		450,780		1,845,683	
		<u>4,067,062</u>		<u>5,623,591</u>	
Creditors: amounts falling due within one year	7	<u>(2,073,515)</u>		<u>(1,246,510)</u>	
Net current assets			1,993,547		4,377,081
Total assets less current liabilities			<u>2,006,206</u>		<u>4,385,871</u>
Capital and reserves					
Called up share capital	8		660		660
Profit and loss reserves			2,005,546		4,385,211
Total equity			<u>2,006,206</u>		<u>4,385,871</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 31 May 2019 and are signed on its behalf by:

B M Cohen
Director

Company Registration No. 03897611

PRIME AIR EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2018

	Notes	Share capital \$	Profit and loss reserves \$	Total \$
Balance at 1 November 2016		660	3,364,459	3,365,119
Year ended 31 October 2017:				
Profit and total comprehensive income for the year		-	1,020,752	1,020,752
Balance at 31 October 2017		660	4,385,211	4,385,871
Year ended 31 October 2018:				
Profit and total comprehensive income for the year		-	1,120,335	1,120,335
Dividends		-	(3,500,000)	(3,500,000)
Balance at 31 October 2018		660	2,005,546	2,006,206

PRIME AIR EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

Company information

Prime Air Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is 30 Camp Road, Farnborough, Hampshire, GU14 6EW and the business address is Unit 3, Hall Road, Maylands Wood Estate, Hempstead, HP2 7BH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest US dollar.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover in respect of all sales is recognised in the financial statements on the date of invoicing, which usually coincides with the dispatch of the goods.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	33% straight line
Fixtures, fittings & equipment	10% straight line

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials only.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

PRIME AIR EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

1.7 Cash at bank and in hand

Cash and cash equivalents are made up of cash in hand and held in the bank.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, and transactions with fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities as payment is due within one year or less. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments in the form of ordinary shares, issued by the company, are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PRIME AIR EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The items in the financial statements where these judgements and estimates have been made include:

The directors have reviewed the year end stock value and based on their knowledge of the business consider that the provision that has been made to reflect the value of stock held at the year end is accurate and that no further adjustment is required.

The directors have reviewed the year end balances in respect of trade debtors and amounts owed by group undertakings and consider that the provision that has been made is accurate, that all amounts are recoverable and that no further adjustment is required.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 9 (2017 - 8).

PRIME AIR EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

4 Taxation

	2018	2017
	\$	\$
Current tax		
UK corporation tax on profits for the current period	245,563	260,945
Adjustments in respect of prior periods	(498)	(901)
Total UK current tax	<u>245,065</u>	<u>260,044</u>
Foreign current tax on profits for the current period	1,966	1,637
Total current tax	<u><u>247,031</u></u>	<u><u>261,681</u></u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	\$	\$
Profit before taxation	<u>1,367,366</u>	<u>1,282,433</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	259,800	243,662
Tax effect of expenses that are not deductible in determining taxable profit	739	1,887
Adjustments in respect of prior years	498	901
Effect of change in corporation tax rate	-	5,541
Permanent capital allowances in excess of depreciation	(1,862)	(468)
Foreign tax	1,966	1,637
Other tax adjustments	(14,110)	8,521
Taxation charge for the year	<u><u>247,031</u></u>	<u><u>261,681</u></u>

PRIME AIR EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

5 Tangible fixed assets

	Plant and machinery
	\$
Cost	
At 1 November 2017	30,240
Additions	7,760
Disposals	(14,065)
	<hr/>
At 31 October 2018	23,935
	<hr/>
Depreciation and impairment	
At 1 November 2017	21,450
Depreciation charged in the year	3,891
Eliminated in respect of disposals	(14,065)
	<hr/>
At 31 October 2018	11,276
	<hr/>
Carrying amount	
At 31 October 2018	12,659
	<hr/> <hr/>
At 31 October 2017	8,790
	<hr/> <hr/>

6 Debtors

	2018	2017
	\$	\$
Amounts falling due within one year:		
Trade debtors	1,038,958	1,826,536
Amounts owed by group undertakings	995,693	1,222,551
Other debtors	23,241	15,675
	<hr/>	<hr/>
	2,057,892	3,064,762
	<hr/> <hr/>	<hr/> <hr/>

7 Creditors: amounts falling due within one year

	2018	2017
	\$	\$
Trade creditors	1,324,770	631,489
Amounts owed to group undertakings	276,241	239,640
Corporation tax	95,098	160,763
Other creditors	377,406	214,618
	<hr/>	<hr/>
	2,073,515	1,246,510
	<hr/> <hr/>	<hr/> <hr/>

PRIME AIR EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

8 Called up share capital

	2018	2017
	\$	\$
Ordinary share capital Issued and fully paid		
200 Ordinary shares of £1 each	330	330
200 Ordinary 'A' shares of £1 each	330	330
	<u>660</u>	<u>660</u>

9 Financial commitments, guarantees and contingent liabilities

The company has a HM Revenue & Customs Duty Deferment Guarantee in the sum of £5,291 (2017 - £5,291). The guarantee amounts to \$6,750 (2017 - \$6,971) when converted at the rate prevailing at the respective year end date.

10 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2018	2017
	\$	\$
	165,175	243,254
	<u>165,175</u>	<u>243,254</u>

11 Related party transactions

The company has taken advantage of the exemption in FRS102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

12 Parent company

The immediate parent company is Prime Air LLC, a company incorporated in the United States of America.

The ultimate parent company is HEICO Corporation, a company incorporated in the United States of America.

Consolidated accounts for HEICO Corporation are available from 3000 Taft Street, Hollywood, Florida 33021, United States of America.

