

Registered number: 01466911

AIRTASK GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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AIRTASK GROUP LIMITED

COMPANY INFORMATION

Directors	P J Sheldon R C Mackenzie J Simper
Registered number	01466911
Registered office	First Floor Trent House Cranfield Technology Park Cranfield Bedford Bedfordshire MK43 0AN
Independent auditor	Grant Thornton UK LLP Chartered Accountants Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

AIRTASK GROUP LIMITED

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AIRTASK GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Business review

Financial Review

The profit before tax for the year ended 31 March 2018 was £393,327 (2017: loss £20,508). The Group's EBITDA for the year ended 31 March 2018 was £782,557 (2017: £295,601).

Performance benefited due to the absence of bi-annual maintenance costs.

Strategy

The key strategy is the retention of core contracts on a long term basis and to increase utilisation of the existing fleet of aircraft in addition to the growth of the global footprint.

Turnover

The Directors consider the increase in Group turnover for the year to be highly satisfactory.

Operating costs

Operating costs have increased from previous years however are lower than expected due to reduced aircraft maintenance costs.

Capital expenditure

There were no major items of capital expenditure during the year.

Future developments for the business

The Directors believe that the current contracts, business relationships, increasing global footprint and market reputation will enable them to continue to improve their market position in the future.

Principal risks and uncertainties

The success of the business and Group's strategy are subject to a number of risks, these are recognised and managed by the Directors and the Management Team as part of a formalised and documented Risk Management System.

Economic downturn

Management have strived to keep abreast of the economic conditions, and have modified and adopted policies and strategies to reflect the changing market conditions as they are able. The consequences of BREXIT are of course unknown at present however will be monitored as matters progress.

Liquidity risk

The group manages liquidity risk by ensuring that working capital is controlled, and that liquidity is available to meet foreseeable needs.

Interest rate risk

The Group is potentially exposed to an interest rate risk on its borrowings, this risk is managed by ensuring borrowings are at a fixed rate of interest wherever possible. This policy is applied to all new borrowings.

AIRTASK GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Competition

The Group operates in a niche, albeit competitive, market. There is consistent downward pressure on the contract margins combined with increasingly high customer expectations. Policies of constant price monitoring coupled with continual focus on the delivery of high quality services are in place to mitigate these market risks.

Safety risk

Safety Management is a proactive and integrated approach to safety. It has been incorporated into the Safety Management System of the Group and is an organised approach to managing safety that includes the necessary organisational structures, accountabilities, policies and procedures. It interfaces with other critical management functions such as financial and compliance monitoring.

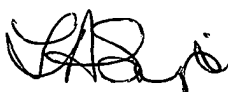
Financial key performance indicators

Summary of key performance indicators:

The Directors have monitored the progress of the Group's strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators.

	2018 £000	2017 £000
Turnover	6,710	6,491
Capital expenditure	84	99
Operating profit	437	26
EBITDA	778	296
Gross profit %	71%	67%
Average number of employees	55	53

This report was approved by the board on 28 November 2018 and signed on its behalf.



J Simper
Director

AIRTASK GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

Results and dividends

The profit for the year, after taxation, amounted to £284,914 (2017: loss £28,256).

The directors paid a dividend of £108,695 for the year (2017: £108,698).

Directors

The directors who served during the year were:

P J Sheldon
R C Mackenzie
J Simper

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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, 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 the Group and of the profit or loss of the Group 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Qualifying third party indemnity provisions

The company has not provided qualifying third party indemnity provisions in respect of the directors which were in force during the year.

AIRTASK GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Matters covered in the strategic report

The Business review and principal risks and uncertainties have been detailed in the Strategic report in accordance with s414C(11) of the Companies Act 2006, as they are considered by the directors to be of strategic importance to the Group.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

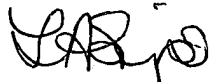
Post balance sheet events

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *28 November 2018* and signed on its behalf.



J Simper
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTASK GROUP LIMITED

Opinion

We have audited the financial statements of Airtask Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company 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 Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's 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 Group 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.

Who we are reporting to

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.

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 Group's or the parent 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTASK GROUP LIMITED (CONTINUED)

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 the audit:

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTASK GROUP LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, 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 Group's and the parent 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 Group or the parent 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Grant Thornton UK LLP

Jeremy Read (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: 7 December 2018

AIRTASK GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	6,709,636	6,490,513
Cost of sales		(1,885,219)	(2,110,355)
Gross profit		4,824,417	4,380,158
Administrative expenses		(4,387,389)	(4,353,734)
Operating profit	5	437,028	26,424
Interest receivable and similar income	10	-	39
Interest payable and expenses	11	(43,701)	(46,971)
Profit/(loss) before taxation		393,327	(20,508)
Tax on profit/(loss)	12	(108,413)	(7,748)
Profit/(loss) for the financial year		284,914	(28,256)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		284,914	(28,256)
		284,914	(28,256)

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 15 to 34 form part of these financial statements.

AIRTASK GROUP LIMITED
REGISTERED NUMBER:01466911

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	15	338,884	548,537
Tangible assets	16	2,372,948	2,430,674
		<u>2,711,832</u>	<u>2,979,211</u>
Current assets			
Stocks	18	478,610	443,997
Debtors: amounts falling due within one year	19	757,145	727,659
Cash at bank and in hand	20	647,751	500,924
		<u>1,883,506</u>	<u>1,672,580</u>
Creditors: amounts falling due within one year	21	(1,775,901)	(1,953,772)
Net current assets/(liabilities)		<u>107,605</u>	<u>(281,192)</u>
Total assets less current liabilities		<u>2,819,437</u>	<u>2,698,019</u>
Creditors: amounts falling due after more than one year	22	(224,867)	(278,751)
Provisions for liabilities			
Deferred taxation	25	(308,802)	(309,719)
		<u>(308,802)</u>	<u>(309,719)</u>
Net assets		<u><u>2,285,768</u></u>	<u><u>2,109,549</u></u>
Capital and reserves			
Called up share capital	26	50,000	50,000
Share premium account	27	249,286	249,286
Capital redemption reserve	27	250,000	250,000
Profit and Loss account	27	1,736,482	1,560,263
		<u>2,285,768</u>	<u>2,109,549</u>

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

28 November 2018

J Simper
Director



The notes on pages 15 to 34 form part of these financial statements.

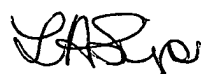
AIRTASK GROUP LIMITED
REGISTERED NUMBER:01466911

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	17	4,141,850	4,141,850
		<u>4,141,850</u>	<u>4,141,850</u>
Current assets			
Debtors: amounts falling due within one year	19	9,522	16,430
Cash at bank and in hand	20	28,068	3,131
		<u>37,590</u>	<u>19,561</u>
Creditors: amounts falling due within one year	21	(1,870,330)	(1,929,053)
Net current liabilities		<u>(1,832,740)</u>	<u>(1,909,492)</u>
Total assets less current liabilities		<u>2,309,110</u>	<u>2,232,358</u>
Creditors: amounts falling due after more than one year	22	(122,611)	-
Net assets		<u><u>2,186,499</u></u>	<u><u>2,232,358</u></u>
Capital and reserves			
Called up share capital	26	50,000	50,000
Share premium account	27	249,286	249,286
Capital redemption reserve	27	250,000	250,000
Profit and loss account brought forward		1,683,072	1,719,173
Profit for the year		62,836	72,597
Other changes in the profit and loss account		(108,695)	(108,698)
Profit and loss account carried forward		<u>1,637,213</u>	<u>1,683,072</u>
		<u><u>2,186,499</u></u>	<u><u>2,232,358</u></u>

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

28 November 2018



J Simper
Director

The notes on pages 15 to 34 form part of these financial statements.

AIRTASK GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2017	50,000	249,286	250,000	1,560,263	2,109,549
Profit for the year	-	-	-	284,914	284,914
Total comprehensive income for the year	-	-	-	284,914	284,914
Dividends: Equity capital	-	-	-	(108,695)	(108,695)
At 31 March 2018	50,000	249,286	250,000	1,736,482	2,285,768

The notes on pages 15 to 34 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2016	50,000	249,286	250,000	1,697,217	2,246,503
Loss for the year	-	-	-	(28,256)	(28,256)
Total comprehensive income for the year	-	-	-	(28,256)	(28,256)
Dividends: Equity capital	-	-	-	(108,698)	(108,698)
At 31 March 2017	50,000	249,286	250,000	1,560,263	2,109,549

The notes on pages 15 to 34 form part of these financial statements.

AIRTASK GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2017	50,000	249,286	250,000	1,683,072	2,232,358
Profit for the year	-	-	-	62,836	62,836
Total comprehensive income for the year	-	-	-	62,836	62,836
Dividends: Equity capital	-	-	-	(108,695)	(108,695)
At 31 March 2018	50,000	249,286	250,000	1,637,213	2,186,499

The notes on pages 15 to 34 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2016	50,000	249,286	250,000	1,719,173	2,268,459
Profit for the year	-	-	-	72,597	72,597
Total comprehensive income for the year	-	-	-	72,597	72,597
Dividends: Equity capital	-	-	-	(108,698)	(108,698)
At 31 March 2017	50,000	249,286	250,000	1,683,072	2,232,358

The notes on pages 15 to 34 form part of these financial statements.

AIRTASK GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the financial year	284,914	(28,256)
Adjustments for:		
Amortisation of intangible assets	209,653	122,297
Depreciation of tangible assets	130,838	146,880
Loss on disposal of tangible assets	3,974	-
(Increase)/decrease in stocks	(34,613)	68,383
Interest paid	43,701	46,971
Interest received	-	(39)
Taxation charge	105,166	7,748
(Increase) in debtors	(29,486)	(74,305)
Increase in creditors	104,228	275,551
Corporation tax (paid)	(25,740)	(55,035)
Net cash generated from operating activities	792,635	510,195
Cash flows from investing activities		
Purchase of tangible fixed assets	(83,917)	(98,634)
Sale of tangible fixed assets	6,831	-
Purchase of subsidiary	-	(1,590,837)
Cash acquired on acquisition	-	739,829
Interest received	-	39
Net cash from investing activities	(77,086)	(949,603)

AIRTASK GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Cash flows from financing activities		
New secured loans	-	750,000
Repayment of loans	(416,326)	(368,308)
Dividends paid	(108,695)	(108,698)
Interest paid	(43,701)	(46,971)
Net cash used in financing activities	(568,722)	226,023
Net increase/(decrease) in cash and cash equivalents	146,827	(213,385)
Cash and cash equivalents at beginning of year	500,924	714,309
Cash and cash equivalents at the end of year	647,751	500,924
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	647,751	500,924

The notes on pages 15 to 34 form part of these financial statements.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Airtask Group Limited ("the Company") is a private limited company domiciled and incorporated in England. The entity is registered at Trent House, Cranfield Technology Park, Cranfield, Bedford, Bedfordshire, UK, MK43 0AN.

The principal activity of the group continued to be the provision of atmospheric research, scheduled public transport and aerial surveillance services.

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 Group management to exercise judgement in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as though they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The company and group financial statements are prepared on a going concern basis. Both the company and group show a strong balance sheet at the period end in terms of net assets. There are net current liabilities of £1,832,740 on the company's balance sheet, the cash flows from subsidiaries mean the company is forecast to continue to repay its debts as they fall due for the foreseeable future.

Accordingly, the directors consider that the company will continue in operational existence for the foreseeable future and accordingly the directors consider it appropriate to prepare the financial statements on the going concern basis.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The majority of the Group's revenues are recognised on the criteria of hours flown for customers.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other 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.

2.6 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.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Aircraft	- hours flown over the expected useful life of each major component
Fixtures, fittings and equipment	- 10% to 50% straight line
Tactical equipment	- over the life of the contract for which the equipment is used

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 the Consolidated statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income 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.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.10 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.

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.

2.11 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.

2.12 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.

In the Consolidated statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.13 Financial instruments

The Group 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

2.14 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.

2.15 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account 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.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.16 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.

2.17 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income 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.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.19 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.21 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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 reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements required management to make significant judgements and estimates. The items in the financial statement where these judgements and estimates have been made include determining the carrying value of stock including any provisions needed and assessing the useful economic life of fixed assets.

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Turnover

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

	2018 £	2017 £
Aviation and surveillance services	<u>6,709,636</u>	<u>6,490,513</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Amortisation of intangible fixed assets	209,653	122,297
Depreciation of tangible fixed assets	130,838	146,880
Exchange differences	963	5,905
Operating lease rentals - other operating leases	<u>138,611</u>	<u>122,297</u>

6. Earnings before interest, taxes, depreciation and amortisation (EBITDA)

	2018 £	2017 £
Profit/(Loss) before tax for the year	393,327	(20,508)
Add back net interest	43,701	46,932
Add back depreciation	130,838	146,880
Add back amortisation	209,653	122,297
EBITDA	<u>777,519</u>	<u>295,601</u>

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	22,000	19,450
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	6,000	6,000
Other assurance	-	3,000
All other services	6,100	6,100
	<u>12,100</u>	<u>15,100</u>

8. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	2,687,740	2,529,745	-	-
Social security costs	13,145	242,283	-	-
Cost of defined contribution scheme	208,916	174,532	-	-
	<u>2,909,801</u>	<u>2,946,560</u>	<u>-</u>	<u>-</u>

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

	2018 No.	2017 No.
Management and administration	11	11
Operating and engineering	13	13
Flight	31	29
	<u>55</u>	<u>53</u>

The Company has no employees other than the directors, who did not receive any remuneration (2017: £Nil).

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	122,841	106,600
Company contributions to defined contribution pension schemes	7,576	7,356
	<u>130,417</u>	<u>113,956</u>

During the year retirement benefits were accruing to 1 directors (2017: 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2018 £	2017 £
Other interest receivable	-	39
	<u>-</u>	<u>39</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	43,701	46,971
	<u>43,701</u>	<u>46,971</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	102,718	25,740
Total current tax	<u>102,718</u>	<u>25,740</u>
Deferred tax		
Origination and reversal of timing differences	5,695	(46,836)
Changes to tax rates on opening balance	-	28,844
Total deferred tax	<u>5,695</u>	<u>(17,992)</u>
Taxation on profit on ordinary activities	<u>108,413</u>	<u>7,748</u>

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	393,327	(20,508)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	74,732	(4,102)
Effects of:		
Expenses not deductible for tax purposes	26,043	40,086
Change in the deferred taxation rate	8,929	(22,764)
Deferred tax not recognised	(1,291)	(3,183)
Adjustments to tax charge in respect of prior periods	-	(2,289)
Total tax charge for the year	108,413	7,748

13. Dividends

	2018 £	2017 £
Dividends paid	108,695	108,698

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of Comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £62,836 (2017: £72,597).

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. Intangible assets

Group

	Goodwill £	Customer Contracts £	Total £
Cost			
At 1 April 2017	355,834	315,000	670,834
At 31 March 2018	355,834	315,000	670,834
Amortisation			
At 1 April 2017	17,297	105,000	122,297
Charge for the year	29,653	180,000	209,653
At 31 March 2018	46,950	285,000	331,950
Net book value			
At 31 March 2018	308,884	30,000	338,884
At 31 March 2017	338,537	210,000	548,537

Amortisation of intangible assets is included in administration expenses.

There are no intangible assets in the parent only accounts.

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Tangible fixed assets

Group

	Aircraft £	Fixtures, fittings and equipment £	Tactical equipment £	Total £
Cost or valuation				
At 1 April 2017	3,779,693	335,280	1,760,578	5,875,551
Additions	70,530	13,387	-	83,917
Disposals	(27,067)	-	-	(27,067)
At 31 March 2018	<u>3,823,156</u>	<u>348,667</u>	<u>1,760,578</u>	<u>5,932,401</u>
Depreciation				
At 1 April 2017	1,440,841	243,458	1,760,578	3,444,877
Charge in period for owned assets	98,924	31,914	-	130,838
Disposals	(16,262)	-	-	(16,262)
At 31 March 2018	<u>1,523,503</u>	<u>275,372</u>	<u>1,760,578</u>	<u>3,559,453</u>
Net book value				
At 31 March 2018	<u><u>2,299,653</u></u>	<u><u>73,295</u></u>	<u><u>-</u></u>	<u><u>2,372,948</u></u>
At 31 March 2017	<u><u>2,338,852</u></u>	<u><u>91,822</u></u>	<u><u>-</u></u>	<u><u>2,430,674</u></u>

Bank Loans were secured by way of first legal charge over an aircraft owned by the Group.

AIRTASK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

16. Tangible fixed assets (continued)

Company

	Fixtures, fittings and equipment £
Cost or valuation	
At 1 April 2017	35,563
At 31 March 2018	35,563
Depreciation	
At 1 April 2017	35,563
At 31 March 2018	35,563
Net book value	
At 31 March 2018	-
At 31 March 2017	-

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

17. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Directflight Limited	Ordinary	100 %	The provision of atmospheric research, scheduled public transport and aerial surveillance services
Hebridean Air Services Limited	Ordinary	100 %	The provision of scheduled public transport and charter flights

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	4,141,850
At 31 March 2018	<u>4,141,850</u>
Net book value	
At 31 March 2018	<u>4,141,850</u>
At 31 March 2017	<u><u>4,141,850</u></u>

18. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	478,610	443,997	-	-
	<u>478,610</u>	<u>443,997</u>	<u>-</u>	<u>-</u>

The difference between purchase price of stocks and their replacement cost is not material.

Stock recognised in the net operating expenses during the year as an expense was £177,788 (2017: £216,834).

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	478,670	355,430	-	-
Other debtors	28,712	44,487	3,830	3,751
Prepayments and accrued income	249,763	327,742	5,692	12,679
	<u>757,145</u>	<u>727,659</u>	<u>9,522</u>	<u>16,430</u>

20. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	647,751	500,924	28,068	3,131

21. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	483,773	846,215	274,913	622,246
Trade creditors	628,796	478,555	114	2,304
Amounts owed to group undertakings	-	-	1,587,208	1,297,606
Corporation tax	106,083	25,740	-	-
Taxation and social security	226,513	201,910	-	-
Other creditors	51,187	49,600	-	-
Accruals and deferred income	279,549	351,752	8,095	6,897
	<u>1,775,901</u>	<u>1,953,772</u>	<u>1,870,330</u>	<u>1,929,053</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	224,867	278,751	122,611	-

23. Loans

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due within one year				
Bank loans	483,773	846,215	274,913	622,246
	483,773	846,215	274,913	622,246
Amounts falling due 1-2 years				
Bank loans	224,867	215,853	122,611	-
	224,867	215,853	122,611	-
Amounts falling due 2-5 years				
Bank loans	-	62,898	-	-
	-	62,898	-	-
	708,640	1,124,966	397,524	622,246

Two of the loans are held through Lombard and are secured through a mortgage over aircrafts owned by Directflight Limited. The interest rate on the loans is LIBOR + 4% and the loans are repayable on or before 1 March 2020.

A loan was taken out with Barclays in August 2016 by Airtask Group Limited. The interest rate on the loan is 4.75% and the loan is repayable on or before 30 September 2019.

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

24. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at amortised cost	<u>1,155,133</u>	<u>900,841</u>	<u>31,898</u>	<u>6,883</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(1,388,623)</u>	<u>(1,653,121)</u>	<u>(1,984,846)</u>	<u>(1,922,156)</u>

Financial assets measured at amortised cost comprise of cash, trade and other debtors.

Financial liabilities measured at amortised cost comprise of bank loans, trade and other payables and amounts owed to group undertakings.

25. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	(309,719)	(273,247)
Charged to profit or loss	917	17,992
Arising on business combinations	-	(54,464)
At end of year	<u>(308,802)</u>	<u>(309,719)</u>
	Group 2018 £	Group 2017 £
Accelerated capital allowances	(310,835)	(309,719)
Short term timing differences	<u>2,033</u>	<u>-</u>

26. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

27. Reserves

Called-up share capital

Represents the nominal value of shares that have been issued.

Share premium account

Represents the difference between the sums received from the issue of shares and their nominal value net of share issue expenses.

Capital redemption reserve

Represents the purchase and cancellation by the Company of its own shares and comprises the aggregated nominal value of all the ordinary shares repurchased and cancelled.

Profit and loss account

Includes all current and prior period retained profits and losses.

28. Pension commitments

The Group 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 £200,430 (2017: £167,176). Contributions totalling £20,474 (2017: £12,849) were payable to the fund at the balance sheet date.

29. Commitments under operating leases

At 31 March 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>
Not later than 1 year	109,484	<i>102,120</i>
Later than 1 year and not later than 5 years	103,654	<i>218,171</i>
	<u>213,138</u>	<i><u>320,291</u></i>

30. Related party transactions

During the year, the group recharged a total of £733 (2017: £38,624) to MM Air Limited, a company controlled by R C Mackenzie, in respect of repair costs incurred on behalf of MM Air Limited. As at the balance sheet date, the amount outstanding from MM Air was £Nil (2017: £Nil).

AIRTASK GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

31. Controlling party

The smallest and largest group for which consolidated accounts are prepared and in which this company is included is Airtask Group Limited, a company registered in England and Wales.

At the balance sheet date the directors considered that the ultimate parent undertaking and controlling party was Airtask Group Limited, a company incorporated in England and Wales. Copies of the group financial statements of Airtask Group Limited are available from its registered office at First Floor, Trent House, Cranfield Technology Park, Cranfield, Bedford, Bedfordshire, UK, MK43 0AN.