

Company registration number: 05391365

2 Excel Aviation Limited
Unaudited financial statements
31 March 2020



2 Excel Aviation Limited

Contents

	Page
Directors and other information	1
Strategic report	2 - 3
Directors report	4 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 24

2 Excel Aviation Limited

Directors and other information

Directors	Mr C J R Norton Mr A C Offer Mr H P Singh Mr A J W Rae
Secretary	Mr C J R Norton
Company number	05391365
Registered office	Tiger House Sywell Aerodrome Northamptonshire NN6 0BN
Business address	Tiger House Sywell Aerodrome Northamptonshire NN6 0BN
Accountants	Spiers & Company 72 Fielding Road London W4 1DB

2 Excel Aviation Limited

Strategic report Year ended 31 March 2020

REVIEW OF BUSINESS

The principal activity of the Company during the year under review was that of providing aerospace services.

The Company's strategy for the year was to sell its new capabilities to grow its market share and establish returns on its investments. To that end it consolidated and re-branded all its services (under Charter, Capability Development and Special Missions) to be more recognisable in the market and to be more coherently controlled by the Management Board.

The Company only invested and diversified within its existing delivery sectors where necessary to capitalise on opportunities. However, these opportunities were considerable and, during the financial year, building on existing design, Special Missions established two, new, valuable, operational delivery services for Government. Meanwhile, Capability Development secured a major new pipeline of Government-backed work and proved its data exploitation capability to mitigate national infrastructure risks.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are described below.

Revenue Risk

The Company is reliant on Government and large companies for contracts which are subject to periodic competitive tender. In the face of contextual change, renewal of these contracts is uncertain but the Company over-performs both financially and operationally, retaining incumbency and growing market share.

Competitive Risk

Historically, the Company's strategy has been to operate in niches where there are few, if any, competitors. However, as it grows, the opportunities are valuable and it is coming up against larger and more powerful companies. Nevertheless, the Company's reputation, innovation, risk management and value-for-money mean that has continued to win contracts against larger, but less agile, competitors.

Financial Instrument Risks

The Company continued to improve its financial risk management frameworks to enhance its internal controls and improve its capacity to meet increasingly testing financial performance objectives. During the year, the Company investigating coalescing its various debt provisions under one facility which, it continues to do.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations. The Company took liquidity risk in order to secure increased market share, mitigating that risk by delivering operational outputs on time in order to increase cash generation and by securing up-front payments for equipment purchases and a capital payment holiday against new aircraft purchases. Nevertheless, having secured the work, the liquidity risk management strategy was changed from growth to cash generation in order to reduce exposure. The Board also remains actively engaged in re-financing the Company's various debt provisions.

2 Excel Aviation Limited

Strategic report (continued) Year ended 31 March 2020

Coronavirus Risk

Coronavirus emerged in the last quarter of the financial year and particularly impacted the Company's Charter division. Subsequently, the effects of Coronavirus spread across the passenger-carrying travel and events sectors and then down through the supply chain. The Company's exposure was limited to Charter and the Blades, which were furloughed. The wider Company (comprising Key and Essential Workers or capabilities supporting essential aviation activities) was relatively well insulated. The Company's Coronavirus strategy was to React, Survive, Reconfigure, Recover and Prosper.

Brexit Risk

During the year, the UK Government implemented Brexit and entered the Transition Period. Having mitigated its operational regulatory risks well (primarily through close control of its Approvals) and having, re-focused marketing and sales on domestic customers, Brexit was turned from a risk into an opportunity. The need to protect the British Isles and its waters generated high-intensity aerospace service opportunities which the Group was able to respond to and secure. These services were initially temporary but have become more enduring.

POSITION OF THE COMPANY

In spite of the impacts of Coronavirus and Brexit, a strong sales performance during the period meant that the Company revenues increased by nearly 26% over the previous financial year. While operating cash remained tight, strong overhead cost control meant that the Gross Profit increased commensurately. In spite of a significant increase in workforce, efficient use of resources meant that the operating profit increased by 48%, net profit increased by 55% and profit after tax increased by 83%.

The Directors have considered the Company's strong performance during the ongoing Coronavirus crisis and the potential impact of the end of the Brexit Transition Period and have decided that the Company has weathered these strategic shocks well. It has reconfigured to be relevant to the new realities, improved its cash position, reduced its liquidity risk, enhanced its reputation and increased its market share despite increased competition.

Therefore, the Directors consider that 2 Excel Aviation Limited remains a going concern.

KEY PERFORMANCE INDICATORS

The key financial and other performance indicators for the Company during the year were as follows:

	2020	2019
- Turnover	£32,992,959	£25,324,437
- Gross Profit	£21,901,712	£16,804,702
- Operating Profit	£ 3,813,302	£ 3,252,101
- Profit after tax	£ 2,802,014	£ 1,879,977
- Shareholders' Funds	£11,106,872	£ 8,304,858
- Gross Profit	66%	66%
- Average number of employees	183	164

This report was approved by the board of directors on 19 February 2021 and signed on behalf of the board by:



Mr H P Singh
Director

2 Excel Aviation Limited

Directors report Year ended 31 March 2020

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2020.

Directors

The directors who served the company during the year were as follows:

Mr C J R Norton
Mr A C Offer
Mr H P Singh
Mr A J W Rae

Dividends

No dividends were paid for the year ended 31 March 2020.

Other matters

Charitable donations and expenditure

During the year, the Company made total charitable donations of £36,186 (2019: £40,990).

The following charitable donations were above £2,000:

- £32,568 to RAFBF (Royal Air Force Benevolent Fund)

Disclosure of information in the strategic report.

The following information has been disclosed in the strategic report:

- The principal activity of the Company during the year
- The principal risks and uncertainties of the Company

Directors responsibilities statement

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

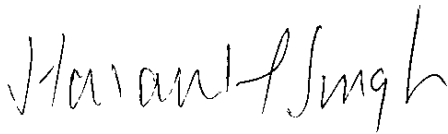
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

2 Excel Aviation Limited

**Directors report (continued)
Year ended 31 March 2020**

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.

This report was approved by the board of directors on 19 February 2021 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read "Harant Singh". The signature is written in a cursive, flowing style.

Mr H P Singh
Director

2 Excel Aviation Limited
Statement of comprehensive income
Year ended 31 March 2020

	Note	2020 £	2019 £
Turnover		32,992,959	25,324,437
Cost of sales		(11,091,247)	(8,519,735)
Gross profit		<u>21,901,712</u>	<u>16,804,702</u>
Administrative expenses		(18,167,522)	(14,739,411)
Other operating income		79,112	1,186,810
Operating profit	3	<u>3,813,302</u>	<u>3,252,101</u>
Interest payable and similar expenses	6	(1,491,384)	(1,372,124)
Profit before taxation		2,321,918	1,879,977
Tax on profit	7	480,096	-
Profit for the financial year and total comprehensive income		<u><u>2,802,014</u></u>	<u><u>1,879,977</u></u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 24 form part of these financial statements.

2 Excel Aviation Limited

Statement of financial position 31 March 2020

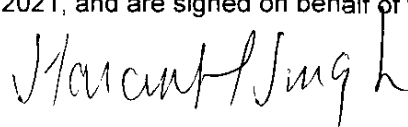
	Note	2020	£	£	2019	£	£
Fixed assets							
Intangible assets	9	1,099,789			1,065,415		
Property, Plant and Equipment	10	13,034,625			13,264,280		
Investments	11	426,796			426,796		
		14,561,210			14,756,491		
Current assets							
Stocks	12	2,500			2,500		
Debtors	13	18,498,972			12,494,616		
Cash at bank and in hand		20,408			18,805		
		18,521,880			12,515,921		
Creditors: amounts falling due within one year	15	(8,214,095)			(5,205,431)		
Net current assets		10,307,785			7,310,490		
Total assets less current liabilities		24,868,995			22,066,981		
Creditors: amounts falling due after more than one year	16	(13,762,123)			(13,762,123)		
Net assets		11,106,872			8,304,858		
Capital and reserves							
Called up share capital	17	420			420		
Share premium account	18	471,700			471,700		
Profit and loss account	18	10,634,752			7,832,738		
Shareholders funds		11,106,872			8,304,858		

For the year ending 31 March 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 19 February 2021, and are signed on behalf of the board by:



Mr H P Singh

Director

Company registration number: 05391365

The notes on pages 10 to 24 form part of these financial statements.

2 Excel Aviation Limited

**Statement of changes in equity
Year ended 31 March 2020**

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 April 2018	420	471,700	5,952,761	6,424,881
Profit for the year			1,879,977	1,879,977
Total comprehensive income for the year	-	-	1,879,977	1,879,977
At 31 March 2019 and 1 April 2019	420	471,700	7,832,738	8,304,858
Profit for the year			2,802,014	2,802,014
Total comprehensive income for the year	-	-	2,802,014	2,802,014
At 31 March 2020	420	471,700	10,634,752	11,106,872

2 Excel Aviation Limited

Statement of cash flows
Year ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the financial year		2,802,014	1,879,977
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		1,969,880	1,861,672
Amortisation of intangible assets		388,183	388,183
Interest payable and similar expenses		1,491,384	1,372,124
Gain/(loss) on disposal of property, plant and equipment		101,475	146,526
Tax on profit		(480,096)	-
Accrued expenses/(income)		534,344	524,303
<i>Changes in:</i>			
Trade and other debtors		(6,050,164)	(4,947,042)
Trade and other creditors		2,875,740	1,610,305
Cash generated from operations		<u>3,632,760</u>	<u>2,836,048</u>
Interest paid		(1,491,384)	(1,372,124)
Net cash from operating activities		<u>2,141,376</u>	<u>1,463,924</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,991,700)	(2,338,480)
Proceeds from sale of property, plant and equipment		150,000	420,000
Purchase of intangible assets		(422,557)	-
Acquisition of subsidiaries		-	(100)
Net cash used in investing activities		<u>(2,264,257)</u>	<u>(1,918,580)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	119,050
Repayments of borrowings		(798,038)	-
Proceeds from loans from group undertakings		163,369	191,658
Proceeds from loans from participating interests		372,577	(8,250)
Net cash (used in)/from financing activities		<u>(262,092)</u>	<u>302,458</u>
Net increase/(decrease) in cash and cash equivalents		(384,973)	(152,198)
Cash and cash equivalents at beginning of year	14	(224,205)	(72,007)
Cash and cash equivalents at end of year	14	<u>(609,178)</u>	<u>(224,205)</u>

2 Excel Aviation Limited

Notes to the financial statements Year ended 31 March 2020

1. General information

2 Excel Aviation Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. Accounting policies

Basis of preparing the financial statements

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention.

The Financial Statements have been prepared on a going concern basis as the Directors are satisfied that the Company will have adequate resources to meet its liabilities to third parties as they fall due.

The principal activity of the Company is that of providing aerospace services.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Investment in subsidiaries and associates

Investment in subsidiaries and associates are recognised initially in the individual financial statements at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, they are measured at fair value through profit or loss except for those investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the investment's fair value on the last date the investment was reliably measurable is treated as the cost of the investment.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

Significant judgements and estimates

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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

The preparation of the company financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Significant judgements and estimates relate to the classification of research and development costs and the impairment of licenses. Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

The company establishes a reliable estimate of the useful life of licenses. This estimate is based on a variety of factors such as the expected use of the acquired license, the expected usual life of the cash generating units to which the license is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Revenue

Revenue represents the total invoice value, excluding value added tax, of sales made during the year. Revenue is recognised at the point the company has transferred to the buyer the significant risks and rewards, the amount of the revenue can be measured reliably, and it is probable the economic benefits associated with the transactions will flow to the company.

Revenue related to contracts with the customers are recognised evenly over the period of the contract. Revenue on contracts with customers comprises of the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is agreed with the customer.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Research and Development

Research is written off in the same year in which it is incurred.

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

Development costs is amortised over 5 years

Property, Plant and Equipment Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold property	- over the life of the lease
Aircraft and helicopter	- at variable rates on reducing balance
Fittings, fixtures and equipment	- 33%/10% on reducing balance
Motor vehicles	- 5 years
Aircraft Equipment	- 20% reducing balance

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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 statement of financial position 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.

Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit and loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. 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 if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied, and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments 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

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

3. Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Development costs amortisation	388,183	388,183
Depreciation of property, plant and equipment	1,969,880	1,861,672
(Gain)/loss on disposal of property, plant and equipment	101,475	146,526
Impairment of trade debtors	-	49,050
Operating lease rentals	655,895	652,625
Foreign exchange differences	628,716	27,692
Auditor's Remuneration	30,000	40,360
Contribution to the Employee Ownership Trust	546,406	-
	<u> </u>	<u> </u>

4. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
Management	4	4
Operations and administration	179	160
	<u> </u>	<u> </u>
	183	164

The aggregate payroll costs incurred during the year were:

	2020	2019
	£	£
Wages and salaries	6,668,596	6,176,060
Social security costs	842,895	746,851
Other pension costs	628,513	388,206
	<u> </u>	<u> </u>
	8,140,004	7,311,117

The average number of employees by undertakings that were proportionately consolidated during the year was 183 (2019 - 164).

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

5. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	374,846	323,995
	<u> </u>	<u> </u>

Remuneration of the highest paid directors in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	252,799	164,953
Company contributions to pension plans in respect of qualifying services	-	-
	<u> </u>	<u> </u>
	252,799	164,953

6. Interest payable and similar expenses

	2020	2019
	£	£
Other interest payable and similar expenses	1,491,384	1,372,124
	<u> </u>	<u> </u>

7. Tax on profit

Major components of tax income/expense

	2020	2019
	£	£
Current tax:		
UK current tax income/expense	(480,096)	-
Tax on profit	<u>(480,096)</u>	<u> </u>

Reconciliation of tax income/expense

The tax assessed on the profit for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

	2020	2019
	£	£
Profit before taxation	2,321,918	1,879,977
	<u> </u>	<u> </u>
Profit multiplied by rate of tax	441,164	357,196
Effect of expenses not deductible for tax purposes	6,647	7,209
Effect of capital allowances and depreciation	64,038	174,254
Utilisation of tax losses	(531,129)	(566,499)
R & D Relief	(480,096)	-
Sale of assets	19,280	27,840
Tax on profit	<u>(480,096)</u>	<u> </u>

The company has unrelieved tax losses. No deferred tax asset has been recognised in respect of these losses.

2 Excel Aviation Limited

Notes to the financial statements (continued)
Year ended 31 March 2020

9. Intangible assets

	Development costs £	Total £
Cost		
At 1 April 2019	1,940,917	1,940,917
Additions from internal 422,557	developments 422,557	422,557
At 31 March 2020	<u>2,363,474</u>	<u>2,363,474</u>
Amortisation		
At 1 April 2019	875,502	875,502
Charge for the year	388,183	388,183
At 31 March 2020	<u>1,263,685</u>	<u>1,263,685</u>
Carrying amount		
At 31 March 2020	<u>1,099,789</u>	<u>1,099,789</u>
At 31 March 2019	<u>1,065,415</u>	<u>1,065,415</u>

10. Property, Plant and Equipment

	Short Fitting and Aircraft £	leasehold £	property Equipment £	Aircraft Motor Equipment £	Fixtures, Total £	vehicles £
Cost						
At 1 April 2019	128,056	6,502,250	915,815	23,914	13,527,386	21,097,421
Additions	38,256	1,305,499	79,278	3,866	564,801	1,991,700
Disposals	-	(362,125)	-	-	-	(362,125)
At 31 March 2020	<u>166,312</u>	<u>7,445,624</u>	<u>995,093</u>	<u>27,780</u>	<u>14,092,187</u>	<u>22,726,996</u>
Depreciation						
At 1 April 2019	59,074	2,101,832	537,910	3,825	5,130,500	7,833,141
Charge for the year	12,806	280,118	89,139	6,945	1,580,872	1,969,880
Disposals	-	(110,650)	-	-	-	(110,650)
At 31 March 2020	<u>71,880</u>	<u>2,271,300</u>	<u>627,049</u>	<u>10,770</u>	<u>6,711,372</u>	<u>9,692,371</u>
Carrying amount						
At 31 March 2020	<u>94,432</u>	<u>5,174,324</u>	<u>368,044</u>	<u>17,010</u>	<u>7,380,815</u>	<u>13,034,625</u>
At 31 March 2019	<u>68,982</u>	<u>4,400,418</u>	<u>377,905</u>	<u>20,089</u>	<u>8,396,886</u>	<u>13,264,280</u>

2 Excel Aviation Limited

Notes to the financial statements (continued)
Year ended 31 March 2020

11. Investments

	Shares in undertakings	group Participating interests
	£	£
Cost		
At 1 April 2019 and 31 March 2020	426,713	83
Impairment		
At 1 April 2019 and 31 March 2020	-	-
Carrying amount		
At 31 March 2020	426,713	83
At 31 March 2019	426,713	83

Investments in group undertakings

	Registered office share of shares held	Class of Percentage	
Subsidiary undertakings			
2 Excel Management Limited	UK	Ordinary shares	100
2 Excel Aviation Training APS	Denmark	Ordinary shares	100
2 Excel Design Limited	UK	Ordinary shares	100
GCP Aviation Limited	UK	Ordinary shares	60
T2 Aviation Limited	UK	Ordinary shares	63
2 Excel Geo Limited	UK	Ordinary shares	100
2 Excel Leading Edge Limited	UK	Ordinary shares	100
Participating interest			
21T Limited	UK	Ordinary shares	33
Blades Racing Team Limited	UK	Ordinary shares	50

2 Excel Aviation Limited

**Notes to the financial statements (continued)
Year ended 31 March 2020**

The results and capital and reserves for the period of the trading companies are as follows:

	Capital and reserves		Profit/(loss) for the period	
	2020	2019	2020	2019
	£	£	£	£
Subsidiary undertakings				
2 Excel Management Limited	(275,108)	(127,383)	(147,725)	(5,127)
2 Excel Aviation Training APS	(14,446)	12,016	(2,430)	805
2 Excel Design Limited	(397,149)	(383,981)	(13,168)	(13,168)
GCP Aviation Limited	(308,322)	(200,938)	(107,384)	(112,783)
T2 Aviation Limited	(1,703,247)	(2,508,829)	805,582	174,211
2 Excel Geo Limited	(1,627)	(515)	(612)	(615)
2 Excel Leading Edge Limited	100	100	-	-
Participating interest				
21T Limited	(3,669,868)	(2,848,186)	(821,682)	(1,968,637)
Blades Racing Team Limited	248,054	125,288	124,363	16,936
12. Inventories			2020	2019
			£	£
Finished goods			2,500	2,500
13. Debtors			2020	2019
			£	£
Trade debtors			3,588,717	766,896
Amounts owed by group undertakings			1,377,780	1,531,107
Amounts owed by participating interests			2,529,182	2,901,759
Prepayments and accrued income			4,832,136	1,904,474
Other debtors			6,171,157	5,390,380
			<u>18,498,972</u>	<u>12,494,616</u>

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

14. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	20,408	18,805
Bank overdrafts	(629,586)	(243,010)
	(609,178)	(224,205)

For the overdraft facility dated from 14 August 2009 there is fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, uncalled capital, buildings, fixtures, fixed plant & machinery.

15. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	629,586	243,010
Trade creditors	4,603,941	1,815,388
Amounts owed to group undertakings	201,700	191,658
Accruals and deferred income	1,341,199	1,035,782
Social security and other taxes	1,081,117	448,067
Other creditors	356,552	1,471,526
	8,214,095	5,205,431

16. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Other creditors	13,762,123	13,762,123

Beechbrook UK SME Credit Ltd, the loan facility provider, have a fixed charge over all the assets of the company.

Included within creditors: amounts falling due after more than one year is an amount of £13,762,123 (2019 £ 13,762,123) in respect of liabilities payable or repayable otherwise than by instalments which fall due for payment after more than five years from the reporting date.

Interest of 7% plus LIBOR is charged on the bank loans and the maturity date is 22 December 2021.

2 Excel Aviation Limited

Notes to the financial statements (continued)
Year ended 31 March 2020

17. Called up share capital
Issued, called up and fully paid

	2020		2019	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	420	420	420	420

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company.

18. Reserves

Retained Earnings

Retained earnings include all current and prior period retained profits.

19. Analysis of changes in net debt

	At 1 April 2019	Cash flows 2020	At 31 March 2020
	£	£	£
Cash and cash equivalents	18,805	1,603	20,408
Bank overdrafts	(243,010)	(386,576)	(629,586)
Debt due within one year	(191,658)	(10,042)	(201,700)
Debt due after one year	(13,762,123)	-	(13,762,123)
	<u>(14,177,986)</u>	<u>(395,015)</u>	<u>(14,573,001)</u>

20. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Not later than 1 year	476,779	476,779
Later than 1 year and not later than 5 years	1,244,634	1,244,364
Later than 5 years	146,442	623,221
	<u>1,867,855</u>	<u>2,344,364</u>

2 Excel Aviation Limited

Notes to the financial statements (continued) Year ended 31 March 2020

21. Related party transactions

3XL Aviation Limited

3XL Aviation is a company in which C Norton is a Director and shareholder. The Directors of the Company own 50%. 2Excel Aviation Ltd invoiced 3XL Aviation for services amounting to £309,367 (2018 - £398,852). 3XL Aviation Limited owed £6,722 as at 31 March 2020 (2019 - Nil).

Heathmatic Limited

The Company was invoiced by Heathmatic Ltd for professional fees amounting to £125,000 (2019 - £80,000), a company in which H Singh, a Director of the Company, is the sole shareholder. There was no outstanding balance as of 31 March 2020 (or 2019).

Blades Racing Team Limited

Blades Racing Team Limited (BRT) is a company in which the Company owns 50% of its shareholding and A Offer is also a director. As at 31 March 2020, the Company has a balance payable of £82,302 (2019 - £16,001) due to BRT. In year, 2Excel Aviation Limited invoiced BRT the amount of £389,865 (2019 - £512,929).

21T Limited

21T Limited is a company in which the Company owns 33.33% of its shareholding and A Offer is also a Director. As at 31 March 2020, the Company has a balance receivable of £2,446,881 (2019 - £2,885,758) due from 21T Limited. 2Excel Aviation Limited invoiced 21T Limited the amount of £4,354,615 (2019 - £1,565,995).

2 Excel Engineering Limited

2 Excel Engineering Limited (2EE) is a company in which C Norton is a director. The Company was invoiced £822,637 (2019 - £847,559) for services delivered by 2EE and the Company invoiced £61,664 (2019 - £332,770) for services it delivered to 2EE. On 31 March 2020, the Company is owed by 2EE £1,334 (2019 - £166,968).

ACH (Witham) Limited

ACH (Witham) Limited is a company in which C Norton, A Offer and H Singh are directors and shareholders. ACH (Witham) Limited invoiced the Company £254,695 (2019 - £154,459) for aircraft leasing charges. As at 31 March 2020, the Company had a balance receivable of £361,818 (2019 - £153,723) due from ACH (Witham) Limited.

ACH London Limited

ACH London Limited is a company in which C Norton, A Offer and H Singh are directors and shareholders. The Company invoiced ACH London Limited £4,499,744 for services. ACH London Limited invoiced the Company £3,008,788 (2019 - Nil) for services. As at 31 March 2020, the Company owed £106,274 (2019 - Nil) to ACH London Limited.

The Directors provided a loan of £278,137 (2019 - £1,076,175) during the year.

Management

All Directors have authority and responsibility for planning, directing and controlling the activities of the Company together with 17 Management Board and operational staff (2018: 17). All these staff are considered to be key management.

2 Excel Aviation Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

22. Controlling party

The ultimate controlling party is 2 Excel (Holdings) Limited, a company incorporated in England & Wales, whose registered address is 72 Fielding Road, London W4 1DB.