

VISTAIR SYSTEMS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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VISTAIR SYSTEMS LIMITED

COMPANY INFORMATION

Directors	D C R Hedley I P G Herbert R L Morgan D Clarke W Enis (appointed 1 April 2021) J R A Bray (appointed 1 January 2022)
Registered number	05418081
Registered office	Springfield House 45 Welsh Back Bristol BS1 4AG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

VISTAIR SYSTEMS LIMITED

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VISTAIR SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present the Strategic Report of Vistair Systems Limited (the "Company") for the year ended 31 March 2022.

Principal Activities

Vistair connects people with information. Its solutions simplify information, support compliance and deliver material operational efficiencies to capital-intensive and highly regulated operators in aviation and defence.

The principal activities of the Company are the provision of Operational Content Management, Safety Management Systems and Data Insight for the world's leading aviation organisations throughout Europe, the Middle East, Asia-Pacific and the Americas.

- Vistair's 40+ airline partners include the world's most progressive, efficient and profitable airlines
- 15% of the global airline fleet uses Vistair, including the #1 US airline and 30% of the world's Low-Cost Carrier (LCC) fleet.
- The defence industry entrusts Vistair with its data to improve their operations and proactively manage risk
- More than 400,000 end users benefit from our market leading functionality

The Company provides three industry-leading offerings:

1. **DocuNet:** Vistair's enterprise-wide operational content management system to organise, edit and distribute content to a host of end users in business-critical settings, delivering significant return on investment and making flying simpler, safer and more sustainable
2. **SafetyNet®:** Vistair's integrated safety, risk and compliance management platform, providing a holistic view of customer safety operations and enabling the proactive mitigation and reporting of risk
3. **Operational Data Insight:** Vistair enables data driven insight through its pan-operation data analysis technologies to deliver actionable insight improving operations, reducing risk, and unlocking material cost savings.

VISTAIR SYSTEMS LIMITED

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

Business review

After the most challenging two years in its history, the aviation sector is finally beginning to emerge from the pandemic, with flight levels in key markets trending towards pre-2020 levels. Nevertheless, long-term financial and regulatory pressures, the need to restart post-pandemic operations and sharp shocks such as the Ukraine war means airlines still operate in an uncertain environment. Vistair's services and products are essential for aviation operations: they enable organisations to meet strategic priorities such as managing costs, increasing productivity and remaining compliant and safe.

In the year ended 31 March 2022, the Company has shown strong performance, building on momentum from the prior year to grow revenue to by 6% to £9.2m (2021: £8.6m). The Company has focused on winning high-quality new partners and deepening and broadening relationships with our existing partners. New wins include major operators in the Americas, EMEA and Asia-Pacific in civil, cargo and defence aviation. A significant number of major contracts were also renewed during the year. This has secured a sustainable revenue platform and the share of revenue from ARR (long-term contractual Annually Recurring Revenues) has grown to 94% (2021: 86%).

The growth in recurring revenues has been delivered thanks to strategic investments in the Company, including in the following areas:

- **Product innovation:** The Company continues to invest in developing new and enhanced capabilities which maximise its addressable market segments. These include the launch of DocuNet Authoring Hub, enhancements to DocuNet Engineering and the next generation SafetyNet and Data platform
- **Delivering Partner Success:** the gradual easing of travel restrictions has enabled the Company to recommence regular visits to partners and sales prospects, ensuring market-leading service levels. Furthermore, investment in a professional services team is enabling successful delivery of larger, broader and more complex projects
- **Building teams and skillsets:** the Company has invested in its workforce, recruiting the best talent, ensuring staff retention, enhancing skills and building out networks
- **Military-grade security and Enterprise-class infrastructure:** the Company continues to invest to ensure its availability, confidentiality, data integrity and information security are market leading; including achieving ISO 27001 accreditation during the year

These strategic investments have resulted in EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation and gains or losses on foreign exchange) falling to £1.6m (2021: £1.9m), (see note 6). The Company believes that it is well placed to accelerate its growth in existing and new markets and benefit from aviation's increased focus on compliance, cost control and outsourcing, while weathering higher inflation. The Company also believes that its investments over the past few years will allow it to achieve significant operating leverage.

VISTAIR SYSTEMS LIMITED

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

Principal risks and uncertainties

The aviation market is a dynamic market, and the Company has continued to invest in its software suite and service offering to retain its leading reputation for innovation and service excellence. Vistair collaborates closely with partners to shape a partner-led product and innovation roadmap which is agreed by the Board.

Technological

As a technology business, cyber and information security, data protection, and business continuity and disaster recovery are strategic priorities and are proactively reviewed and tested on an ongoing basis. The Company's information security management system is ISO 27001 accredited and is subject to robust annual external auditing and monitoring.

Operational

Maintaining application availability and ensuring a high standard of service delivery for mission critical partners is a principal risk for the Company. Relevant Company services are ISO 9001 quality-accredited and are subject to robust annual external auditing and monitoring.

Financial

The Company's principal financial risk flows from the general market level of demand given the relatively fixed cost base. The Company primarily trades with larger, more resilient airlines, governments and defence organisations and its services are critical to those organisations to maintain their Air Operator's Certificates. Furthermore, ARR share of revenue has grown significantly to 94% meaning revenues are highly predictable thereby securing the underlying sustainability of income. The Company's group is funded by a combination of equity and shareholders' loans, the latter of which attracts rolled up interest.

Directors' policies for managing principal risks

The Company has an ongoing process for identifying, evaluating and managing the risks faced by the business. Risk, quality and information security reviews are undertaken regularly across the business units to identify and assess key risks associated with the achievement of the Company's business objectives.

Management carries out extensive short and long-term forecasting, robustly manages cash collection and maintains a strong Balance Sheet with appropriate cash reserves. After considering underlying growth, new wins, global aviation sub-sector trends and a thorough review of cashflow forecasts, the Company's group repaid its Coronavirus Business Interruption Loan Scheme loan during the year and settled an element of deferred preference share dividends.

Financial key performance indicators

Given the business-critical nature of the Company's services and solutions within partners' operations, the Company proactively monitors a range of key performance indicators (KPIs) on a daily, weekly and monthly basis, comparing and benchmarking these to market-leading performance of comparable technology and technology-enabled businesses.

Financial KPIs include Revenue, ARR share of Revenue, profitability and cash conversion. Operational KPIs include application availability, customer support, service delivery performance, quality, information security and team utilisation and productivity.

VISTAIR SYSTEMS LIMITED

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

Engagement with stakeholders

The Company regularly communicates with stakeholders, including employees, customers and suppliers, its network of experienced executives in the aviation industry, the community and environment and its shareholders. It communicates with stakeholders as groups and individually through a range of methods including direct dialogue, formal and informal meetings including regular Board meetings, through electronic communications and via its social media channels. Clear internal reporting channels enable the Board to stay informed of arising matters.

The Board proactively monitors the impact of world and local events and their impact on the aviation industry and on the Company. It proactively engages with its partners and broader network to ensure it is well informed and able to effectively respond to events and emerging risks and uncertainty.

In its decision making the Board acts in a way which, having regard to the impact of its decisions on stakeholders, promotes the success of the Company.

This report was approved by the board on 3 November 2022 and signed on its behalf.



J R A Bray
Director

VISTAIR SYSTEMS LIMITED

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

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities

The principal activities of the Company are included in the Strategic Report on page 1.

Results and dividends

The profit for the year, after taxation, amounted to £264,627 (2021 - £848,392).

The directors recommend the payment of a final dividend of £NIL (2021: £1,638,980).

Directors

The directors who served during the year were:

VISTAIR SYSTEMS LIMITED

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

D C R Hedley
I P G Herbert
R L Morgan
D Clarke
W Enis (appointed 1 April 2021)
J R A Bray (appointed 1 January 2022)

Going concern

The directors monitor cash balances, customer collections, supplier and payroll payments and the longer term sustainability of spending regularly. As at the date of signing of these financial statements the Group and Company's cash position is strong, and the majority of the Company's contracts are long term contracts for essential regulatory services. The Company forecasts and projections, taking into account severe but plausible downside scenarios show that the Company will be able to operate within the level of current facilities.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Future developments

The Company will continue to provide leading technology-based safety, efficiency and compliance solutions to the airline industry.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 3 November 2022 and signed on its behalf.



J R A Bray
Director

Independent auditors' report to the members of Vistair Systems Limited

Report on the audit of the financial statements

Opinion

In our opinion, Vistair Systems Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 March 2022; Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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

VISTAIR SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISTAIR SYSTEMS LIMITED

required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management to enquire of any known instances of non-compliance with Laws and Regulations and Fraud
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any

VISTAIR SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISTAIR SYSTEMS LIMITED

other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
3 November 2022

VISTAIR SYSTEMS LIMITED

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

	Note	2022 £	2021 £
Turnover	4	9,163,956	8,614,730
Cost of sales		(3,855,857)	(3,955,919)
Gross profit		5,308,099	4,658,811
Administrative expenses		(5,073,296)	(3,940,216)
Other operating income	5	209,366	352,278
Operating profit	6	444,169	1,070,873
Interest receivable and similar income	10	9,812	-
Interest payable and similar expenses	11	(9,720)	(18,356)
Profit before tax		444,261	1,052,517
Tax on profit	12	(179,634)	(204,125)
Profit for the financial year		264,627	848,392

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

The notes on pages 14 to 31 form part of these financial statements.

VISTAIR SYSTEMS LIMITED
REGISTERED NUMBER: 05418081

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	2,380,876	1,851,535
Tangible assets	14	210,332	325,390
Investments	15	38,336	38,336
		<u>2,629,544</u>	<u>2,215,261</u>
Current assets			
Debtors: amounts falling due within one year	16	3,828,292	2,541,753
Cash at bank and in hand	17	2,098,972	5,459,519
		<u>5,927,264</u>	<u>8,001,272</u>
Creditors: amounts falling due within one year	18	(4,910,574)	(4,713,926)
Net current assets		<u>1,016,690</u>	<u>3,287,346</u>
Total assets less current liabilities		<u>3,646,234</u>	<u>5,502,607</u>
Creditors: amounts falling due after more than one year	19	-	(615,247)
Provisions for liabilities			
Deferred tax	20	(507,173)	(373,946)
		<u>(507,173)</u>	<u>(373,946)</u>
Net assets		<u><u>3,139,061</u></u>	<u><u>4,513,414</u></u>
Capital and reserves			
Called up share capital	21	66	66
Share premium account	22	45,845	45,845
Capital redemption reserve	22	39	39
Profit and loss account	22	3,093,111	4,467,464
		<u>3,139,061</u>	<u>4,513,414</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 November 2022.


J R A Bray
 Director

The notes on pages 14 to 31 form part of these financial statements.

VISTAIR SYSTEMS LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2021	66	45,845	39	4,467,464	4,513,414
Comprehensive income for the year					
Profit for the year	-	-	-	264,627	264,627
Total comprehensive income for the year	-	-	-	264,627	264,627
Dividends: Equity capital	-	-	-	(1,638,980)	(1,638,980)
Total transactions with owners	-	-	-	(1,638,980)	(1,638,980)
At 31 March 2022	66	45,845	39	3,093,111	3,139,061

The notes on pages 14 to 31 form part of these financial statements.

VISTAIR SYSTEMS LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020	66	45,845	39	3,619,072	3,665,022
Comprehensive income for the year					
Profit for the year	-	-	-	848,392	848,392
Total comprehensive income for the year	-	-	-	848,392	848,392
At 31 March 2021	66	45,845	39	4,467,464	4,513,414

The notes on pages 14 to 31 form part of these financial statements.

VISTAIR SYSTEMS LIMITED

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

1. General information

Vistair Systems Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Springfield House, 45 Welsh Back, Bristol, BS1 4AG.

The principal activities of the Company are the provision of leading technology-based safety, efficiency and compliance solutions to the airline industry.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vistair Group Limited as at 31 March 2022 and these financial statements may be obtained from Springfield House, 45 Welsh Back, Bristol, BS1 4AG.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

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

2. Accounting policies (continued)

2.4 Going concern

The directors monitor cash balances, customer collections, supplier and payroll payments and the longer term sustainability of spending regularly. As at the date of signing of these financial statements the Group and Company's cash position is strong, and the majority of the Company's contracts are long term contracts for essential regulatory services. The Company forecasts and projections, taking into account severe but plausible downside scenarios show that the Company will be able to operate within the level of current facilities.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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 Company 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.

VISTAIR SYSTEMS LIMITED

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

2. Accounting policies (continued)

2.6 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.

The estimated useful lives range as follows:

Development expenditure	-	3 years
Computer Software	-	4 to 5 years

Costs associated with maintaining developed products are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product include the development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.7 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

2. Accounting policies (continued)

2.7 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:

Leasehold Improvements	- straight line over the life of the lease
Office equipment	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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.

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 Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a

VISTAIR SYSTEMS LIMITED

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

2. Accounting policies (continued)

2.11 Financial instruments (continued)

net basis or to realise the asset and settle the liability simultaneously.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

2.13 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.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.15 Finance costs

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

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

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

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

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.18 Provisions for liabilities

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

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

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

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

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.20 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.21 Interest income

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

2.22 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.

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Recognition and measurement of development expenditure and useful economic life of capitalised development

The Company uses judgements about whether development projects meet the criteria for recognition and estimates in calculating the costs associated with the projects. Estimates are based on the allocation of employees' time directly attributable the projects.

The annual amortisation charge for intangible assets acquired is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually and are amended when necessary to reflect current estimates.

See note 13 for the carrying amount of intangible assets acquired and note 2.6 for the accounting policy for intangible assets.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2022	2021
	£	£
United Kingdom	3,271,460	2,748,150
Rest of Europe	2,150,479	2,154,205
Rest of the world	3,742,017	3,712,375
	9,163,956	8,614,730

VISTAIR SYSTEMS LIMITED

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

5. Other operating income

	2022 £	2021 £
Coronavirus Job Retention Scheme	-	191,890
Sundry income	296	3,911
Research and Development Tax Credit	209,070	156,477
	<u>209,366</u>	<u>352,278</u>

6. Operating profit

The operating profit is stated after charging/ crediting:

	2022 £	2021 £
Provision for impairment of trade debtors	-	19,178
Exchange differences	(29,238)	44,950
Other operating lease rentals	124,893	125,125
Depreciation of tangible assets	229,447	212,039
Amortisation of intangible assets	981,374	536,507
	<u>981,374</u>	<u>536,507</u>

Reconciliation from Operating (loss)/ profit to Earnings before Interest, Tax, Depreciation and Amortisation and gains or losses on foreign exchange

	2022 £	2021 £
Operating (loss)/ profit	444,169	1,070,873
Depreciation of tangible assets	229,447	212,039
Amortisation of intangible assets	981,374	536,507
Realised exchange (loss)/gain	(29,238)	44,950
Earnings before Interest, Tax, Depreciation and Amortisation and gains or losses on foreign exchange	<u>1,625,752</u>	<u>1,864,369</u>

VISTAIR SYSTEMS LIMITED.

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

7. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>28,470</u>	<u>21,000</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	<u>14,300</u>	<u>13,017</u>
	<u>14,300</u>	<u>13,017</u>

8. Employees

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

	2022 £	2021 £
Wages and salaries	3,932,098	3,848,276
Social security costs	551,778	518,314
Other pension costs	242,705	250,809
	<u>4,726,581</u>	<u>4,617,399</u>

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

	2022 No.	2021 No.
Management	6	5
Provision and delivery of flight deck documentation	1	1
Provision of aviation software and services	121	115
	<u>128</u>	<u>121</u>

9. Directors' Remuneration

The remuneration of the directors of the Company is borne by the parent entity, Vistair Limited.

VISTAIR SYSTEMS LIMITED

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

10. Interest receivable

	2022 £	2021 £
Other interest receivable	9,812	-
	9,812	-
	9,812	-

11. Interest payable and similar expenses

	2022 £	2021 £
Finance leases and hire purchase contracts	9,720	18,356
	9,720	18,356
	9,720	18,356

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	39,741	111,991
Adjustments in respect of previous periods	6,666	(5,695)
	46,407	106,296
	46,407	106,296
Deferred tax		
Origination and reversal of timing differences	40,470	92,133
Changes to tax rates	92,757	-
Adjustments in respect of prior years	-	5,696
	133,227	97,829
	133,227	97,829
Taxation on profit on ordinary activities	179,634	204,125
	179,634	204,125

VISTAIR SYSTEMS LIMITED

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

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £	2021 £
Profit on ordinary activities before tax	444,261	1,052,517
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	84,410	199,978
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,922	4,147
Capital allowances for year in excess of depreciation	(6,233)	-
Tax rate changes	92,758	-
Adjustments to tax charge in respect of prior periods	6,666	-
Other differences leading to an increase (decrease) in the tax charge	111	-
Total tax charge for the year	179,634	204,125

Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the Balance Sheet date, would not be material to disclose.

VISTAIR SYSTEMS LIMITED

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

13. Intangible assets

	Development expenditure £	Trademarks £	Computer software £	Total £
Cost				
At 1 April 2021	3,224,882	-	60,900	3,285,782
Additions	1,418,004	5,578	87,133	1,510,715
At 31 March 2022	<u>4,642,886</u>	<u>5,578</u>	<u>148,033</u>	<u>4,796,497</u>
Amortisation				
At 1 April 2021	1,417,772	-	16,475	1,434,247
Charge for the year on owned assets	959,654	66	21,654	981,374
At 31 March 2022	<u>2,377,426</u>	<u>66</u>	<u>38,129</u>	<u>2,415,621</u>
Net book value				
At 31 March 2022	<u>2,265,460</u>	<u>5,512</u>	<u>109,904</u>	<u>2,380,876</u>
At 31 March 2021	<u>1,807,110</u>	<u>-</u>	<u>44,425</u>	<u>1,851,535</u>

VISTAIR SYSTEMS LIMITED

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

14. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost or valuation			
At 1 April 2021	522,507	517,376	1,039,883
Additions	6,128	108,261	114,389
At 31 March 2022	<u>528,635</u>	<u>625,637</u>	<u>1,154,272</u>
Depreciation			
At 1 April 2021	415,511	298,982	714,493
Charge for the year on owned assets	104,626	124,821	229,447
At 31 March 2022	<u>520,137</u>	<u>423,803</u>	<u>943,940</u>
Net book value			
At 31 March 2022	<u>8,498</u>	<u>201,834</u>	<u>210,332</u>
At 31 March 2021	<u>106,996</u>	<u>218,394</u>	<u>325,390</u>

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

	2022 £	2021 £
Short term leasehold property	8,498	106,996
	<u>8,498</u>	<u>106,996</u>

VISTAIR SYSTEMS LIMITED

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

15. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2021	38,336
At 31 March 2022	38,336

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Vistair Systems North America Inc.	1452 Hughes Road, Suite 200, Grapevine, Texas 76051, United States	Business development for group companies	Ordinary	100%
Vistair Systems Australia Pty Ltd	10/446 Collins Street, Melbourne, Victoria, 3000, Australia	Business development for group companies	Ordinary	100%

16. Debtors: Amounts falling due within one year

	2022 £	2021 £
Trade debtors	2,689,439	2,064,493
Amounts owed by group undertakings	158	-
Other debtors	361,020	-
Prepayments and accrued income	536,802	347,216
Tax recoverable	240,873	130,044
	3,828,292	2,541,753

Trade debtors are stated net of a provision for impairment of £50,678 (2021: £50,678).

VISTAIR SYSTEMS LIMITED

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

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,098,972	5,459,519
	2,098,972	5,459,519

18. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loan	-	583,223
Trade creditors	69,208	58,083
Amounts owed to group undertakings	848,603	810,504
Other taxation and social security	391,698	476,199
Obligations under finance lease and hire purchase contracts	34,208	96,186
Other creditors	69,627	38,530
Accruals and deferred income	3,497,230	2,651,201
	4,910,574	4,713,926

Liabilities under hire purchase agreements are secured on certain items of tangible assets

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

	2022 £	2021 £
Bank loans	-	575,000
Net obligations under finance leases and hire purchase contracts	-	40,247
	-	615,247

VISTAIR SYSTEMS LIMITED

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

20. Deferred taxation

	2022 £	2021 £
At beginning of year	(373,946)	(276,117)
Charged to profit or loss	(133,227)	(92,133)
Adjustment in respect of prior years	-	(5,696)
At end of year	(507,173)	(373,946)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	543,599	381,362
R&D expenditure credit	(26,185)	-
Short term timing differences	(10,241)	(7,416)
	(507,173)	(373,946)

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
65,695 (2021 - 65,695) Ordinary Shares shares of £0.001 each	66	66

22. Reserves

Share premium account

Share premium represents the amount subscribed for share capital in excess of the nominal value.

Capital redemption reserve

The capital redemption reserve represents the amount by which share capital has been reduced on repurchase of the Company's own shares.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the Company less any distributions made to the owners of the Company.

VISTAIR SYSTEMS LIMITED

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

23. Share based payments

The Group established an HMRC approved 'Vistair Group Limited 2017 Enterprise Management Incentive Plan' in 2017 of which the Company is a member. Up to 15,000 options vest at the point of an exit subject to certain vesting conditions. The option valuation was based on the fair value at the grant date without taking into consideration any future performance of the Group. As the valuation of the options which are expected to vest is not material, no amount has been recognised in the financial statements.

24. Pension commitments

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered funds. The pension charge amounted to £242,705 (2021: £250,809).

25. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	129,066	129,066
Later than 1 year and not later than 5 years	387,198	516,264
Later than 5 years	-	129,066
	<u>516,264</u>	<u>774,396</u>

26. Related party transactions

During the year, a loan to the value of £361,020 was issued to a Director. This loan carries no interest, and the balance of £361,020 remains at year end.

27. Controlling party

The Company is 100% owned by Vistair Limited. Its ultimate controlling party is Synova Capital LLP. The smallest and largest undertaking into which the financial statements of the Company are consolidated is Vistair Group Limited.