

REGISTERED NUMBER: 04494889 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
AVIA TECHNIQUE LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2022

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AVIA TECHNIQUE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS: C J Wright
R Sims

SECRETARY: C J Wright

REGISTERED OFFICE: Unit 1 Fishponds Estate
Fishponds Road
Wokingham
Berkshire
RG41 2QJ

REGISTERED NUMBER: 04494889 (England and Wales)

AUDITORS: Haines Watts
Chartered Accountants and Statutory Auditors
The Lightbox
87 Castle Street
Reading
Berkshire
RG1 7SN

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

The directors aim to present a balanced and comprehensive review of the development and performance of the business during the year and of its position at the year end. The review is consistent with the size and non complex nature of the business and is written in the context of the risks and uncertainties faced by the business.

The turnover of the company increased by 49% to 19.9m (2021 - 13.4m). Gross profit also increased from £5.9m to £9.5m, resulting in a profit before taxation of £4.3m (2021 - £1.9m).

The average number of employees increased from 73 to 95.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have considered the risks and uncertainties pertaining to the company and have identified potential increased competition and exchange rate fluctuations as current potential risk areas. However, the management have worked to assess these risks and taken appropriate action to mitigate them.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit and net assets.

ON BEHALF OF THE BOARD:

C J Wright - Director

27 December 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture, repair and overhaul of aircraft equipment.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2022 will be £828,871 (2021: £1,438,711).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

C J Wright
R Sims

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITORS

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C J Wright - Director

27 December 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AVIA TECHNIQUE LIMITED

Opinion

We have audited the financial statements of Avia Technique Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AVIA TECHNIQUE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AVIA TECHNIQUE LIMITED

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: FRS102 - the Financial Reporting Standard applicable in the UK & The Republic of Ireland, the Companies Act 2006 and relevant tax compliance regulations in the UK.

We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making enquiries of management.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where management considered there was susceptibility to fraud. Audit procedures performed by the audit team included:

- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries, with a focus on entries made with unusual accounting combinations;
- Confirming with management whether they have knowledge of any actual, suspected or illegal fraud;
- Evaluating whether there was evidence of bias by management that represents a risk of material misstatement due to fraud.

These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance with all laws and regulations.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AVIA TECHNIQUE LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacqueline Biggs FCCA ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditors
The Lightbox
87 Castle Street
Reading
Berkshire
RG1 7SN

27 December 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
TURNOVER		19,941,479	13,408,411
Cost of sales		10,454,993	7,523,596
GROSS PROFIT		9,486,486	5,884,815
Administrative expenses		5,297,960	4,023,124
		4,188,526	1,861,691
Other operating income		-	12,060
OPERATING PROFIT	5	4,188,526	1,873,751
Income from participating interests		95,684	-
		4,284,210	1,873,751
Interest payable and similar expenses	6	5,680	4,208
PROFIT BEFORE TAXATION		4,278,530	1,869,543
Tax on profit	7	756,122	279,329
PROFIT FOR THE FINANCIAL YEAR		3,522,408	1,590,214
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,522,408	1,590,214

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2022

	Notes	£	2022 £	£	2021 £
FIXED ASSETS					
Intangible assets	9		-		1,334
Tangible assets	10		271,577		278,688
Investments	11		978,276		92,723
			<u>1,249,853</u>		<u>372,745</u>
CURRENT ASSETS					
Stocks	12	4,078,057		2,258,449	
Debtors	13	4,630,282		2,923,524	
Cash at bank		628,915		368,314	
		<u>9,337,254</u>		<u>5,550,287</u>	
CREDITORS					
Amounts falling due within one year	14	3,802,558		1,852,020	
NET CURRENT ASSETS			<u>5,534,696</u>		<u>3,698,267</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,784,549</u>		<u>4,071,012</u>
PROVISIONS FOR LIABILITIES	16		193,651		173,651
NET ASSETS			<u>6,590,898</u>		<u>3,897,361</u>
CAPITAL AND RESERVES					
Called up share capital	17		38,000		38,000
Retained earnings	18		6,552,898		3,859,361
SHAREHOLDERS' FUNDS			<u>6,590,898</u>		<u>3,897,361</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 27 December 2023 and were signed on its behalf by:

C J Wright - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	38,000	3,707,918	3,745,918
Changes in equity			
Dividends	-	(1,438,771)	(1,438,771)
Total comprehensive income	-	1,590,214	1,590,214
Balance at 31 December 2021	<u>38,000</u>	<u>3,859,361</u>	<u>3,897,361</u>
Changes in equity			
Dividends	-	(828,871)	(828,871)
Total comprehensive income	-	3,522,408	3,522,408
Balance at 31 December 2022	<u>38,000</u>	<u>6,552,898</u>	<u>6,590,898</u>

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

Avia Technique 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 Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows.

The Company's cash flow is included in the consolidated accounts of the immediate parent company, SK Aviation B.V. A copy of the consolidated accounts can be obtained from SK Aviation B.V. at Marketing 43, 6921 RE DUIVAN, Postbus 185, 6920 AD Duiven, Nederland

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. **ACCOUNTING POLICIES - continued**

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

- Plant & machinery - 5 years
- Fixtures & fittings - 5 years
- Computer equipment - 4 years
- Computer software - 3 years
- Motor vehicles - 3-4 years
- Other fixed assets - 5-10 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 the Statement of comprehensive income.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

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 non-puttable ordinary shares.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. **ACCOUNTING POLICIES - continued**

Foreign currencies

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. Nonmonetary 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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income within 'other operating income'.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

Finance costs

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

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.

Pension costs and other post-retirement benefits

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 the Statement of comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

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 the Statement of comprehensive income 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the provision for doubtful debts, provision for obsolete and slow moving stock and the useful economic life of tangible fixed assets.

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	2,874,787	2,008,846
Social security costs	306,448	194,628
Other pension costs	100,370	78,481
	<u>3,281,605</u>	<u>2,281,955</u>

The average number of employees during the year was as follows:

	2022	2021
Administration	6	6
Sales	11	8
Operations	78	60
	<u>95</u>	<u>74</u>

	2022	2021
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	-	1,200
Other operating leases	233,772	189,783
Depreciation - owned assets	169,828	139,818
Patents and licences amortisation	1,334	1,601
Auditors' remuneration	22,500	14,000
Foreign exchange differences	<u>(98,163)</u>	<u>45,831</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Other interest payable	<u>5,680</u>	<u>4,208</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	756,122	346,471
Over/under provision in prior year	-	(63,167)
Total current tax	<u>756,122</u>	<u>283,304</u>
Deferred tax	-	(3,975)
Tax on profit	<u>756,122</u>	<u>279,329</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>4,278,530</u>	<u>1,869,543</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	812,921	355,213
Effects of:		
Expenses not deductible for tax purposes	3,859	930
Income not taxable for tax purposes	(18,180)	-
Capital allowances in excess of depreciation	(5,259)	-
Depreciation in excess of capital allowances	-	10,471
Adjustments to tax charge in respect of previous periods	(37,219)	(63,167)
Other movements	-	(24,118)
Total tax charge	<u>756,122</u>	<u>279,329</u>

8. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £1 each		
Final	<u>828,871</u>	<u>1,438,771</u>

9. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2022 and 31 December 2022	<u>8,004</u>
AMORTISATION	
At 1 January 2022	6,670
Amortisation for year	1,334
At 31 December 2022	<u>8,004</u>
NET BOOK VALUE	
At 31 December 2022	-
At 31 December 2021	<u>1,334</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2022	437,987	524,628	66,178
Additions	34,634	76,414	18,690
At 31 December 2022	<u>472,621</u>	<u>601,042</u>	<u>84,868</u>
DEPRECIATION			
At 1 January 2022	290,395	448,759	52,654
Charge for year	63,650	70,452	7,197
At 31 December 2022	<u>354,045</u>	<u>519,211</u>	<u>59,851</u>
NET BOOK VALUE			
At 31 December 2022	<u>118,576</u>	<u>81,831</u>	<u>25,017</u>
At 31 December 2021	<u>147,592</u>	<u>75,869</u>	<u>13,524</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2022	-	327,459	1,356,252
Additions	21,162	11,817	162,717
At 31 December 2022	<u>21,162</u>	<u>339,276</u>	<u>1,518,969</u>
DEPRECIATION			
At 1 January 2022	-	285,756	1,077,564
Charge for year	4,010	24,519	169,828
At 31 December 2022	<u>4,010</u>	<u>310,275</u>	<u>1,247,392</u>
NET BOOK VALUE			
At 31 December 2022	<u>17,152</u>	<u>29,001</u>	<u>271,577</u>
At 31 December 2021	-	41,703	278,688

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

11. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
At 1 January 2022	-	92,723	92,723
Additions	885,553	-	885,553
Reclassification/transfer	73,997	(73,997)	-
At 31 December 2022	<u>959,550</u>	<u>18,726</u>	<u>978,276</u>
NET BOOK VALUE			
At 31 December 2022	<u>959,550</u>	<u>18,726</u>	<u>978,276</u>
At 31 December 2021	-	92,723	92,723

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Destini Aviation SDN BHD

Registered office: No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Shah Alam, Selangor, Malaysia
Nature of business: Provision of aircraft services

Class of shares:	%
Ordinary	holding 95.00

Joint venture

Aero-Technics FCZO

Registered office: Warehouse B16 & B17, Dubai International Airport Free Zone, Dubai, United Arab Emirates
Nature of business: Provision of aircraft services

Class of shares:	%
Ordinary	holding 50.00

12. **STOCKS**

	2022 £	2021 £
Work-in-progress	1,401,269	862,430
Finished goods	2,676,788	1,396,019
	<u>4,078,057</u>	<u>2,258,449</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	3,274,551	1,758,417
Amounts owed by group undertakings	931,486	252,981
Amounts owed by joint ventures	-	308,353
Other debtors	300,973	459,449
Prepayments and accrued income	123,272	144,324
	<u>4,630,282</u>	<u>2,923,524</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	1,441,482	401,179
Amounts owed to group undertakings	564,985	70,242
Tax	793,341	346,471
Social security and other taxes	82,651	57,720
Other creditors	21,613	199,656
Accruals and deferred income	898,486	776,752
	<u>3,802,558</u>	<u>1,852,020</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	318,782	243,005
Between one and five years	587,148	711,461
	<u>905,930</u>	<u>954,466</u>

16. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	53,651	53,651
Other provisions	140,000	120,000
	<u>193,651</u>	<u>173,651</u>

	Deferred tax	Dilapida-tion
	£	£
Balance at 1 January 2022	53,651	120,000
Balance at 31 December 2022	<u>53,651</u>	<u>120,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2022	2021
Number:	Class:		£	£
38,000	Ordinary	£1	<u>38,000</u>	<u>38,000</u>

18. **RESERVES**

	Retained earnings £
At 1 January 2022	3,859,361
Profit for the year	3,522,408
Dividends	(828,871)
At 31 December 2022	<u>6,552,898</u>

19. **PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company. The pension cost charge represents contributions payable by the Company to the fund of £100,370 (2021 - £78,481). Contributions totalling £21,613 (2021 - £14,415) were payable to the fund at the balance sheet date.

20. **RELATED PARTY DISCLOSURES**

During the year the Company made sales of £512,081 (2021 - £217,706) to Destini Avia Technique SDN. BHD, a fellow group member that is not a wholly owned member of the group. At the balance sheet date, an amount of £1,156 (2021 - £2,943) was due to Destini Avia Technique SDN. BHD who in turn owed £122,621 (2021 - £33,966) to the Company.

The Company loaned the joint venture 500,000 Malaysian ringgit as part of the initial investment. A further 750,000 Malaysian ringgit has been loaned to the Company during the year ending 31 December 2021. These loans were repaid during the year. At 31 December 2022 the balance outstanding was £nil (2021 - £315,500).

The Company has taken advantage of the exemption under paragraph 33.1A of FRS102 not to disclose transactions with other wholly owned group members.

21. **ULTIMATE CONTROLLING PARTY**

The Company's immediate parent undertaking is SKAero UK Limited.

The Company's ultimate parent undertaking and controlling party was Bridgepoint Group plc, a company listed on the London Stock Exchange.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.